Newfoundland Labrador

Housing

# Annual Report

2012-13

**Cover Photos: Empire Avenue, New Pennywell Road, Vimy Avenue and Prospero Place**

Photos by Clyde Thornhill

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Housing

## Message from the Chair

I am pleased to present the 2012/13 Annual Report for Newfoundland Labrador Housing Corporation (NLHC). Access to affordable and suitable housing is vital for everyone and particularly challenging for our most vulnerable citizens. This report looks at the many activities and programs delivered by NLHC to improve the housing circumstances of those that need help the most.

2012-13 marked year four of the 10-year Government of Newfoundland and Labrador's Social Housing Plan - *Secure Foundations*. Initiatives delivered as a result of the plan continue to support the mandate of the Corporation. Significant investments have been made to ensure the provision of secure and affordable housing for households with low-to-moderate incomes.

This report provides an overview of the key activities, results, investments, financial information and challenges for the 2012-13 fiscal year. With the continued engagement and support from our many community and government partners as well as the commitment of NLHC staff we can meet the challenges ahead. NLHC is committed to providing a range of housing options for families, seniors, at risk youth, victims of violence, persons with disabilities and persons with varied and multiple complex needs.

One of the key developments in the past year was the transfer of the Supportive Living Program to NLHC. The transfer of this program has reiterated the commitment of NLHC to assist those experiencing homelessness or at risk of experiencing homelessness. By strategically aligning operating funding to our community partners who deliver services to these vulnerable persons with the traditional role of NLHC in delivering capital funding we can better ensure needs are met.

This annual report was prepared under the direction of the Board of Directors of NLHC, in accordance with the *Transparency and Accountability Act* which requires category one entities to table an Annual Report. The Board of Directors is accountable for actual results reported in this document.

Len Simms
Chair of the Board of Directors
Chief Executive Officer

Newfoundland Labrador

Housing

# Overview and Strategic Framework

## Introduction

To ensure the accountability of government entities in the Province of Newfoundland Labrador, the *Transparency and Accountability* Act (*the Act*) provides a framework whereby multi-year performance-based plans and annual reports must be prepared and presented to the House of Assembly.

## Mandate, Vision, and Mission

**Our Mandate** is to develop and administer housing policy and programs for the benefit of low-to-moderate income households throughout the Province.

**Our Vision** is that Newfoundlanders and Labradorians with the greatest need have access to secure and affordable housing.

**Our Mission:** By March 31, 2017, to address changing housing needs by improving housing conditions for low to moderate income households in Newfoundland and Labrador.

The mandate is carried out through four different lines of business:

### Subsidized Rental Housing

- Provides rental accommodation for households earning low incomes on a rent-geared-to-income (25 per cent) basis.

### Housing Supply Assistance

- Provides grants to homeowners with low-to-moderate incomes for critical repairs, home modifications, accessibility improvements for persons with disabilities and seniors, or energy efficiency improvements.

- Provides forgivable capital grants to public, private and non-profit organizations to develop affordable rental housing for households with low income.

## Partner Managed Housing

- Provides financial, technical and administrative support to housing partners in the non-profit, co-operative, and health sectors, who provide rental housing for households with low-to-moderate incomes.

## Property Stewardship

- Manages land and property holdings in a cost-effective manner and is sensitive to social housing and related government policy direction.

Salter Place, St. John's

## Corporate Structure

We are a crown corporation responsible for the implementation of Government's social housing policy and programs. We are governed by a Board of Directors that is appointed by the Lieutenant-Governor in Council. The Board consists of members from varying geographical areas and interest groups and reports through the Minister of Transportation and Works, Minister Responsible for Newfoundland and Labrador Housing Corporation.

The members of the board as of March 31, 2013 were:

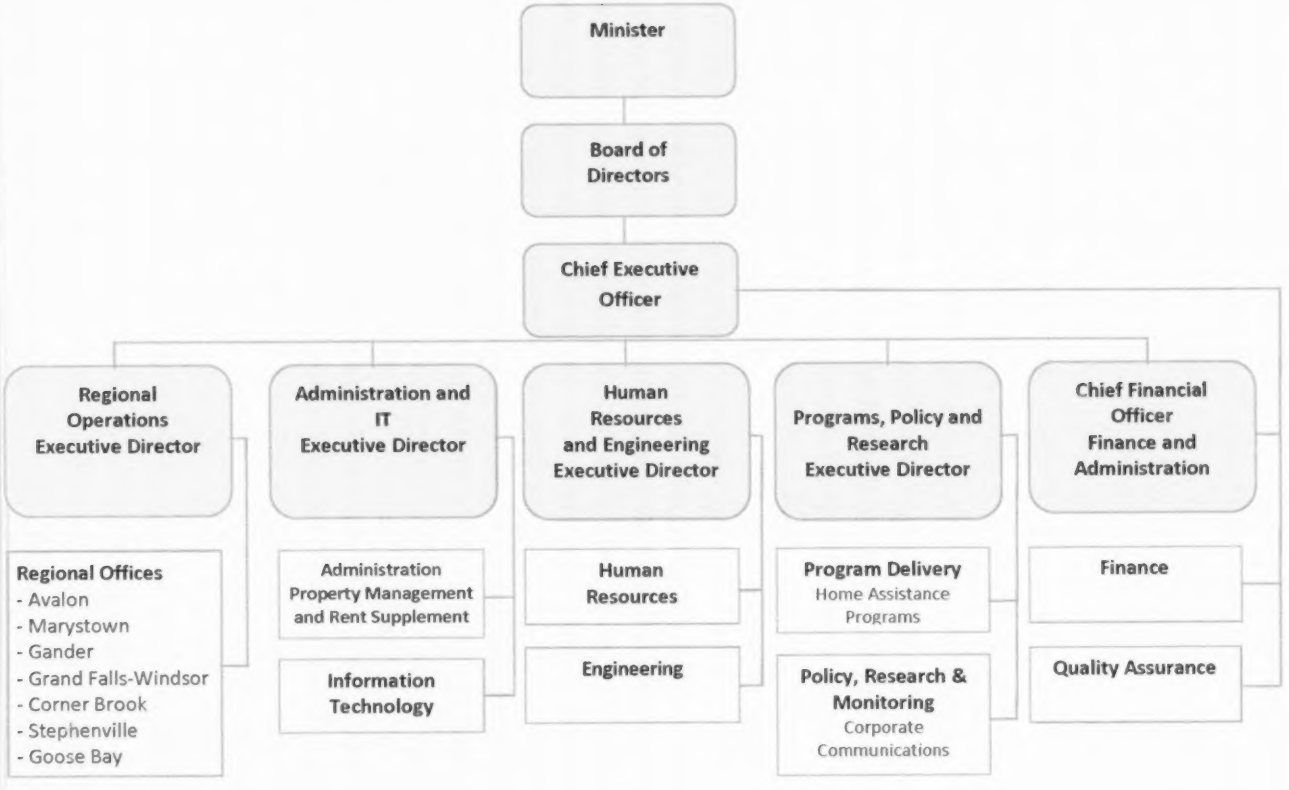
| | | |
|---|---|---|
| *Len Simms*<br>Chairman, St. John's | *Barbara Cull*<br>Stephenville | *Rhonda Neary*<br>St. John's |
| *Thomas G. Baker*<br>Marystown | *Gerald F. Kennedy*<br>Mobile | *Selma Pike*<br>St. Anthony |
| *Glenda J. Belbin*<br>Corner Brook | *Daniel J. McCann*<br>Port an Port West | *Pauline Winter*<br>Lewisporte |
| *Olive Blake*<br>Goose Bay | *Sheena McCrate*<br>Torbay | |

NLHC's head office is located in St. John's. There are seven additional regional offices: Avalon Regional Office located in St. John's and regional offices in Marystown, Gander, Grand Falls-Windsor, Corner Brook, Stephenville and Happy Valley- Goose bay.

There are 388 employees across the province (40 per cent female and 60 per cent male).

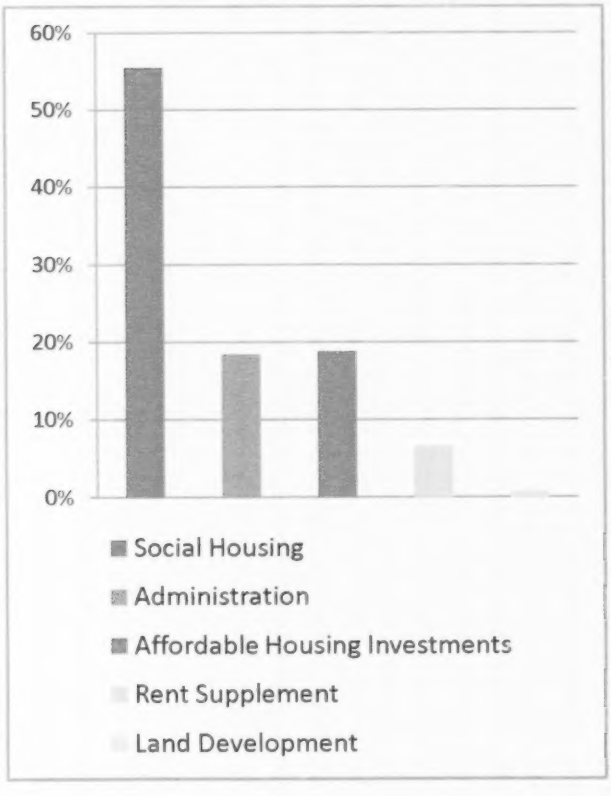
| Location | Positions |
|---|---|
| Avalon | 130 |
| Burin Peninsula | 13 |
| Gander | 12 |
| Grand Falls-Windsor | 27 |
| Corner Brook | 45 |
| Stephenville | 30 |
| Labrador | 17 |
| Head Office | 114 |
| Total | 388 |

# Organization Chart

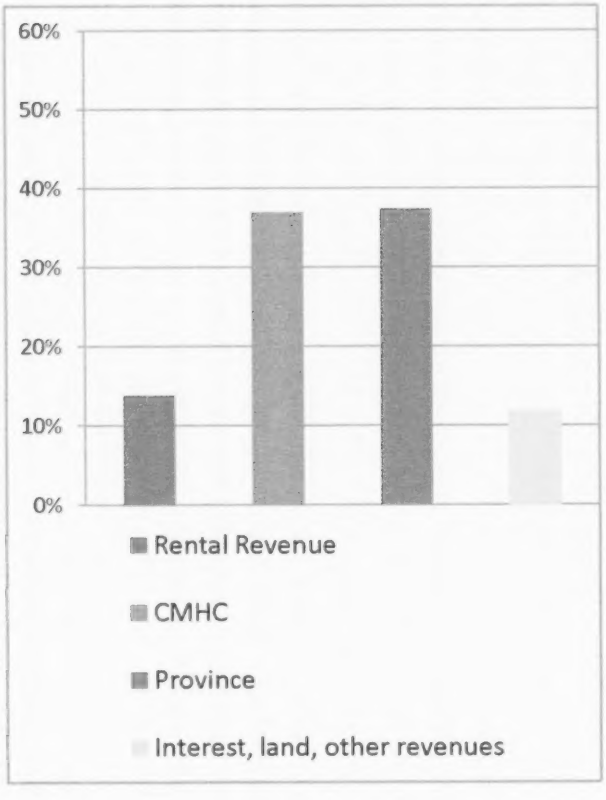


## Financial Profile 2012-13

**Expenditures***




**Sources of Funds**




* Expenditures exclude the transfer of $13.4 million to the province regarding proceeds from land assembly sale. Current account expenditures for 2012/13 were $145,478,000.

## Who We Serve

Our clients are families and individuals with low incomes who require assistance to access safe and affordable housing. The programs we deliver serve renters, homeowners, persons with disabilities, persons with complex service needs, seniors, youth and victims of family violence. We offer a diverse range of programs from private home repair assistance to maintaining and delivering affordable social housing rentals. We are also committed to working collaboratively with our many community partners to help address the needs of those who require a combination of support services and affordable accommodations. In 2012-13, 16,300 households received direct assistance through our social housing programs. Many other individuals and families have been assisted through our non-profit partners whom we support in a variety of ways.

## Programs and Services

The Corporation offers a range of housing programs and solutions for the residents of the province. The needs presented are always changing and NLHC strives to stay connected and adjust its programming to ensure those changing needs are met. The suite of programs and services provided represents Government's commitment to improve housing quality and affordability for those who need it most.

In 2012-13 the Supportive Living Program (transferred from the Department of Advanced Education and Skills) became the newest program offered through NLHC. This program provides operational funding to non-profit partners who deliver front-line services to persons with multiple and complex needs. The realignment of the Supportive Living Program operating funds with NLHC's ongoing capital programs will strategically ensure better delivery of service to those who are most vulnerable. The Public Rental Housing Program (which includes the Heat Subsidy Program for public rental housing tenants) and the Provincial Home Repair Program are the two most well known and longest serving housing programs. The Rent Supplement Program, Home Modification Program, Residential Energy Efficiency Program, Affordable Housing Program and the Provincial Homelessness Fund also serve to reduce poverty among renters and homeowners with low-to-moderate incomes.

| Households Receiving Direct Assistance | |
|---|---|
| Public Affordable Rental Housing | 5,556 |
| Rental Supplement Tenants | 1,709 |
| Partner- Managed Housing | 4,429 |
| Provincial Home Repair Program (PHRP) | 2,327 |
| Residential Energy Efficiency Program (REEP) | 1,010 |
| Subsidized Mortgages | 40 |
| Affordable Housing | 871 |
| Home Modification Program (HMP) | 377 |
| **Total** | **16,319** |

### Public Rental Housing

NLHC owns and operates 5,556 residential rental units located throughout the province. In 2012-13, 877 new tenants were placed in NLHC homes. The majority of the existing rental stock is made up of three-bedroom units.

## Modernization and Improvement

Operating 5,556 residential units is challenging and requires significant capital investments. Funding levels for capital improvements had remained low and unchanged for many years leading up to 2007-08. In 2007-08 the government of Newfoundland and Labrador recognized the need for a major investment in the social housing infrastructure. The first step taken to address the state of disrepair was to triple the Modernization and Improvement budget from $4 million to $12 million. This increased commitment coupled with increased investments through the federal/provincial economic stimulus programming has allowed NLHC to make significant progress in upgrading the existing housing stock.

By March 31, 2013, 75 per cent of the housing stock had been upgraded. This marks a tremendous improvement from the 30 per cent considered to be in good condition in 2007, before the increased emphasis on infrastructure was put in place. In 2012-13 specifically, approximately 450 units underwent upgrading. Renovations included the replacement of roofing, siding, windows and doors. Interior retrofitting continues to take place on some of the oldest public rental housing in Canada.

Brophy Place, St. John's

### Maintenance

While large infrastructure investments are required, daily upkeep of the public rental stock is also necessary to ensure safe and quality homes for our tenants. In addition to improving daily living circumstances, regular maintenance is fundamental to sustaining the housing stock over the long term. The maintenance department works hard on normal wear and tear issues such as broken faucets, clogged drains, broken furnaces, etc.

Maintaining and improving the quality of our homes continues to be an important objective of the corporation. This objective is outlined in our three-year strategic plan and the 10-year Social Housing Plan. In 2012-13 approximately $11 million was budgeted for regular, everyday maintenance.

### Heat Subsidy Program

The Heat Subsidy Program continues to be an important program for improving the lives of tenants. This program provides tenants with financial assistance to offset some of their home heating costs. The average subsidy received is $1,450/year. The amount of heat subsidy a tenant receives depends on the size (number of bedrooms) of their home.

NLHC has increased its emphasis on improving energy efficiency in units when regular modernization and improvement is ongoing. When units are made more energy efficient, the heat subsidy can go a lot further in helping tenants keep their homes warm throughout the year. Following a recent upgrade, one tenant wrote to let us know that their heating costs had been reduced by 35 per cent.

### Provincial Home Repair Program

The Provincial Home Repair Program (PHRP) has been and continues to be one of the most acclaimed and successful programs offered by NLHC. Over the years more than 50,000 low-income households have been assisted through this program. PHRP provides grants and loans to families with low incomes who require critical repairs in order to remain in their own homes. PHRP continues to be a main component in the Government of Newfoundland and Labrador's efforts to support homeownership.

PHRP is delivered in two separate components: emergency and non-emergency. For urgent "emergency" items, financial assistance is provided on a priority basis for repairs that relate to life safety issues. The items covered under this component of PHRP are such that if they are not completed, the homeowner would be forced to leave their homes. For non-emergency items financial assistance is provided for less urgent but still critical items such as windows, doors, siding replacement and foundation repairs. In 2006-07, there were nearly 5,000 homeowner's waitlisted for the program. In 2007-08, the province doubled its commitment for a

6-year period. By the end of the extension period on March 31, 2013, the applicant pool had been reduced to 992.

PHRP continues to be a cost-shared program with our federal counterpart Canada Mortgage and Housing Corporation (CMHC). In 2012-13 over $6.7 million was delivered in grant funding to 1,758 regular, "non-emergency" clients. An additional $2.0M was delivered under the "emergency" component to 569 clients. The program also has a repayable loan option if the cost of repairs exceeds the maximum grant available. In 2012-13, 392 homeowners received $1.5 million in repayable loans.

### Supportive Living Program (SLP)

NLHC is delivering the former Supportive Living Community Partnership Program which had been administered by the Department of Advanced Education and Skills. The program, which has been renamed the Supportive Living Program (SLP), was transferred on April 1, 2012, with a $4.8 million budget. SLP provides grants to non-profit organizations to help individuals with complex service needs and for community capacity building initiatives aimed at preventing and addressing homelessness.

SLP is delivered through the Program Delivery Department. The Supervisor of Supportive Living Program has been seconded to NLHC to assist with the transfer. An Interdepartmental Advisory Committee chaired by NLHC staff with members from Child Youth and Family Services, Eastern Health, Health and Community Services, Justice and Advanced Education and Skills continues to work in partnership to support and oversee this program. The addition of the SLP program provides a better opportunity to meet our first goal of "increased emphasis on individual well-being and strengthened communities" contained in *Secure Foundations*, our long-term provincial Social Housing Plan. This move represents a strategic alignment of government resources and allows NLHC to better meet the needs of people in greatest need.

In 2012-13 there were 24 agencies/groups supported through the program throughout the province, and these agencies/groups delivered 26 different projects.

### Home Modification Program (HMP)

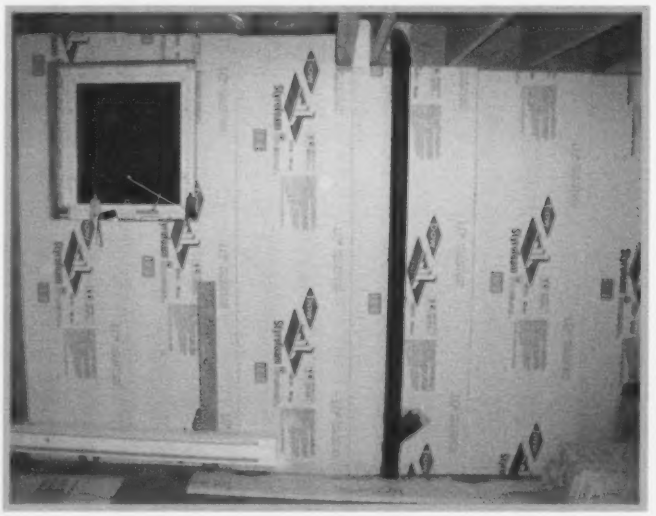
2012-13 marked the second year of the province's specialized Home Modification Program (HMP). This three-year program was announced in April 2011. HMP provides funding to low-to-moderate income persons with disabilities and seniors to make accessibility modifications to their homes. This focused approach to home modifications recognizes changing Provincial demographics; particularly the aging population and strategically addresses this need.

As of March 31, 2013, nearly $2.5 million of the $3 million budget had been spent to assist 377 homeowners. The remaining funding, though committed, was not expended at year end. The typical modifications completed through this program include the installation of grab bars, ramps, wider doors and other accessibility features to kitchens and bathrooms.

### Residential Energy Efficiency Program (REEP)

The Residential Energy Efficiency Program (REEP) provides one-time grants to homeowners to allow them to complete energy efficiency upgrades to their homes. The program also pays for pre and post inspections to help ensure that homeowners use the funding to make the energy retrofits that will have the biggest impact. REEP supports Government's Energy Plan 2007 in its commitment "to facilitate an energy efficiency and conservation program and to encourage energy consumers to make the effort and investments required". The program also supports the efforts of the Climate Change Action Plan released in 2011.

In 2012-13, 1,010 applicants were approved to receive a REEP grant. These homeowners were eligible to undertake renovations such as basement and attic insulation, draft proofing, heating system upgrades as well as energy efficient windows and doors. Analysis has been completed on 2,046 clients that have availed of the program over the first two years, and it was estimated that the average client will save $750/year on their heating costs. The number one recommendation for energy efficiency upgrades is insulation.



### Rent Supplement Program

The private rental housing market continues to be an important piece of the puzzle when it comes to addressing the housing needs among low-to-moderate income households in this province. In fact, there are many instances whereby private rentals can best meet the needs of those with low-incomes. NLHC has developed hundreds of formal relationships with private landlords to deliver suitable and adequate accommodations. The Rent Supplement Program assists clients by paying the portion of their rent that exceeds 25 per cent of their net household income. The portion paid by NLHC is paid directly to the landlord.

In 2012-13 the Rent Supplement Program was enhanced once again. An additional $1 million annually provided an additional 162 rent supplements to allow the funding of a total of 1,709 rent supplement units across the province.

### Affordable Housing Program (AHP)

The Affordable Housing Program (AHP) continues to be the primary funding source for generating the construction of new affordable accommodations. The program provides capital funding to private market developers and non-profit groups to support new unit construction.

In 2011-12, there was a proposal call which resulted in the conditional approval of 207 private-sector units and 39 supportive-living units. Throughout 2012-13, these numbers have changed somewhat, but it is still anticipated that 183 private sector and 41 non-profit sector units will be built as a result of the most recent proposal call. By March 31, 2013, 47 private-sector units and 4 non-profit sector units were completed. The remaining units were still under construction heading into 2013-14.

### Provincial Homelessness Fund (PHF)

The Provincial Homelessness Fund (PHF) for organizations who partner with NLHC provides capital funding for the development of space/infrastructure to assist with the delivery of services for persons who are homeless or at risk of being homeless. In 2012-13, the program provided assistance for 12 registered, non-profit organizations in four communities to develop service space for on-site and out-reach services that promote housing stability and greater self-reliance. Since the program was started in 2009, there have been approximately 40 grants provided to organizations in 12 different communities. This funding has served a large number of community residents.

# Shared Commitments

## Strategic Partnerships

NLHC supports government's strategic commitments in many policy areas through participation on cross-departmental committees that guide the development of priority initiatives. The collaborative approach to this type of work helps ensure government takes a holistic view of the needs of residents. Many Social Housing Plan initiatives that have been implemented since the release of the Plan in 2009 support other government strategies. These initiatives continued to be supported in 2012-13.

| Strategic Initiative | NLHC Support |
|---|---|
| Poverty Reduction Strategy | • Education Incentive Program<br>• Increased funding to Community Centre Programs.<br>• Provincial Homelessness Fund Program<br>• Expansion of Rent Supplement Program |
| Access. Inclusion. Equality. | • Home Modification Program and Rental RRAP<br>• Requirement for AHI proposals to include "universal design" principles<br>• Increase the proportion of NLHC stock with accessibility features |
| Healthy Aging Policy Framework | • New Affordable Housing stock (built under AHI) mostly targeted for seniors<br>• Home Modification Program<br>• Rental RRAP |
| Northern Strategic Plan for Labrador | • Implementation of specialized Oil Tank Replacement Program (ended)<br>• New units built in Nain and Hopedale<br>• Significant funding for Partner-Managed Housing renovations |
| Violence Prevention Initiative | • Victims of Family Violence Policy<br>• Staff participation in Regional Committees Against Violence |
| Youth Retention and Attraction Strategy | • Partner in the Hiring Apprenticeship Program initiative |
| Climate Change Action Plan | • Residential Energy Efficiency Program<br>• Partnership with Choices for Youth to |

| | |
|---|---|
| | retrofit public housing<br>• Overall retrofitting of public housing during scheduled modernization and improvement |
| Long-Term Care and Community Support Services Strategy | • Home Modification Program |

In the 2011-14 Strategic Plan NLHC identified two strategic directions of government (poverty reduction and inclusion of persons with disabilities) that the corporation would support through its operational plan. Several initiatives were carried out or continued to support the province's *Poverty Reduction Strategy* including the Education Incentive Program and the Provincial Homelessness Fund Program among others. This programming is designed to enhance the self-reliance of individuals through the prevention, reduction and/or alleviation of economic poverty. Also, NLHC carried out or continued several initiatives that support the province's strategy document *Access. Inclusion. Equality*. As well as the *Healthy Aging Policy Framework* with the purpose of enhancing the inclusion of persons with disabilities in all aspects of society.

**Participation on Community and Regional Committees**

NLHC's community partnerships are enhanced through the work of many community and regional committees. Strong working relationships with community leaders and government colleagues support more effective responses to local housing needs and coordination of services among organizations that serve the same clients.

| | |
|---|---|
| Newfoundland and Labrador Housing and Homelessness Network (NLHHN) | A group of community-based service providers, municipal, provincial and federal departments and agencies, and representatives of persons at risk of homelessness who are committed to working on issues related to homelessness and housing. |
| Elder Abuse Committee of Newfoundland & Labrador (EACNL) | A committee to raise awareness of elder abuse and to share information about referral and intervention services. |
| Habitat For Humanity | A non-profit organization that helps families with low incomes achieve homeownership by mobilizing volunteers and community partners to build affordable housing. |
| Statistics Coordinating Committee | Committee established for the sharing of housing data and statistics among community and government partners. |

| | |
|---|---|
| St. John's Community Advisory Board | Community-based committee established by Human Resources Development Canada (HRDC) to provide input on initiatives under the Homelessness Partnership Strategy. |
| Mayor's Advisory Committee on Affordable Housing and Homelessness (MACAH) | A committee of government, community, and private-sector stakeholders established by the City of St. John's to guide the implementation and evaluation of its Affordable Housing Action Plan. |
| Vibrant Communities Leadership Team | A collaboration of community, business and government representatives focused on the development of poverty reduction projects. An initiative of the Community Sector Council Newfoundland and Labrador. |
| Community Sector Council- Project *MONEY* Advisory Board | Committee to guide a financial literacy initiative for persons with low income living in social housing. |
| The Grand Concourse Authority | The Authority is a non-profit organization responsible for developing and managing an integrated system of walkways and amenities in the St. John's, Mount Pearl, and Paradise areas. Members represent all levels of government, institutions, foundations, commissions, and other public authorities, on whose land (including NLHC) the Grand Concourse is situated. |
| Community Advisory Boards (CABs) | CABs are regional boards consisting of representation of community-based service providers, municipal, provincial and federal departments and agencies and others who are working together to help an address housing and homeless issues on a regional level. Current CABs include: Burin Region, Baccalieu Region/Bay Roberts, Clarenville-Bonavista, Corner Brook, Gander-New-Wes-Valley, Grand Falls-Windsor, Happy Valley-Goose Bay, Labrador West, St. John's, Stephenville, Coast of Bays and Mount Pearl |

| | |
|---|---|
| Community Centre Boards<br>• Froude Avenue<br>• Buckmaster's Circle<br>• Rabbittown CC<br>• Virginia Park<br>• MacMorran<br>• Smallwood Crescent<br>• Exploits<br>• Westrock | Community Centres operate within NLHC neighborhoods and have a volunteer Board of Directors whose members include tenants and community representatives. The Boards are incorporated non-profit organizations established with the objective of enhancing community capacity and building tenant self-reliance. They provide policy and program guidance and ensure accountability for the operation of the centre within its mandate and established principles. |
| Regional Committees Against Violence | Regional network of government and community partners that work collaboratively to share information, encourage public awareness and improve responses to the problem of violence. |
| Regional Homelessness Partnering Initiatives | Regional committees working on community plans to address housing needs. |
| Regional Senior Management Councils | Information sharing and coordination of activities for enhanced effectiveness of services and programs for shared clients of the Department of Advanced Education and Skills, Regional Health Authorities and NLHC. |
| Interdepartmental Working Group (IWG) – Poverty Reduction Strategy | Provides departmental input for the Poverty Reduction Strategy. |
| Interdepartmental Advisory Committee (IAC) – Supporting Clients with Complex Needs | Contributes to the development of supportive living options and models for clients with complex needs. |
| NAVNET (Navigators and Networks) | Inter-system Collaborative Network which works to improve access to services and supports required by individuals who have complex service needs. |
| Interdepartmental Working Group (IWG) – Aging and Seniors | Provides departmental input into the development of the Provincial Healthy Aging Policy Framework. |
| Interdepartmental Steering Committee- Long-Term Care and Community Support Services (LTC-CSS) | Provides guidance to the Department of Health and Community Services in formulating recommendations to reform the LTC-CSS system. |

| | |
|---|---|
| Interdepartmental Working Group (IWG) - Disability Policy Office | Provides input and contributes to planning to ensure that government services and programs include persons with disabilities. |
| Canadian Home Builders Association Eastern Newfoundland | Assist its members in serving the needs and meeting the aspirations of Eastern Newfoundlanders for housing. It achieves an environment in which members can operate successfully and promote affordability and choice for housing. |
| R-E-A-L Committee | The REAL program provides the means for children and youth of families with low-incomes to participate in social and recreational programs with little or no cost to their family. |
| Pleasant Manor | Pleasant Manor responds to the housing needs of adults with mental illness with the primary goal of achieving maximum community integration and the highest possible quality of life. It is also a system of living, learning, working and social skills. |

# 2012-13 Year in Review

2012-13 proved to be another exciting and active year for the staff at NLHC. In addition to the many programs delivered that make such a positive impact on people's lives, our staff are engaged in the day-to-day lives of people on many levels.

Some of the highlights from 2012-13 are below:

## *Investments in Tenants*

### Employees Reaching Out

Employees Reaching Out (ERO) began operating at NLHC in 1990 after one employee discovered a family that literally had nothing for Christmas. Employees took action and formed a committee to help address such situations. In 2012-13 the committee raised over $5,500 through fundraising to assist tenants in need. In addition to financial contributions, the committee organizes Christmas hamper donations to help improve the lives of tenant families most in need.

### NLHC announces 2012 Scholarship Program Winners

The winners of the NLHC 2012 youth and adult scholarships were announced in January 2013. The scholarships are valued at $1000 each and are awarded to help tenants' children who have graduated high school and are in their first year of post-secondary education and adult tenants pursuing a postsecondary education. Scholarships are awarded in three regions of the province: Avalon/Eastern, Central and Western/Labrador. Youth scholarships are awarded based on the results of the Department of Education's scholarship score, which is derived from a student's performance on public examinations. Winners of the adult scholarships are selected based on an assessment of educational accomplishments, community experience and need.

### Tenant Conference

The 27th Annual Newfoundland and Labrador Housing Corporation Tenant Conference, was held in Gander September 14 and 15, 2012. More than 100 social housing tenants attended as representatives from 38 volunteer associations from across the province. NLHC board members and staff and representatives from eight community centres also joined the tenants. The theme of this year's conference was Strive, Grow, and Change. The Tenant Conference is an excellent opportunity to hear ideas and suggestions made by tenants, and ensure the continued success of the Social Housing Plan. The conference also recognizes the years of service and contributions made by the Tenant Associations, neighbourhood centres and community centres;

people and organizations dedicated to working hard to create positive change in their neighbourhoods and communities.

### NLHC sponsors *Students on Ice*

For the second year in a row, NLHC offered a scholarship for the *Students on Ice* program. A fifteen-year-old tenant from Corner Brook, was the lucky recipient of a scholarship for the 2012 Youth Arctic Expedition. During the trip, the winner explored Baffin Island in the Canadian North and the coastline of Greenland across the Davis Strait. *Students on Ice* is an award-winning organization offering unique educational expeditions to the Antarctic and the Arctic. The scholarship was available to young tenants between the ages of 14-18 province-wide. The eight community centres, 10 neighbourhood centres and 38 tenant associations all actively promote this scholarship opportunity.

## ***Community Involvement and Partnerships***

### Partner-Managed Housing Conference

The 2012 Partner-Managed Housing Conference was held in St. John's October 12th and 13th. Approximately 90 housing stakeholders province-wide were in attendance. This year's conference featured presentations on how to read and interpret financial documents, healthy eating, and why smoke-free housing is needed.

### Women's Shelters:

#### i. Libra House

NLHC provided $250,000 towards the construction of the new Libra House crisis shelter. Since 1985, Libra House has provided temporary safe shelter and supports for women and children throughout Labrador who have experienced violence or abuse. Libra House offers 24- hour service, seven days a week, and also operates a 24-hour crisis phone line.

#### ii. Wiseman Centre Opens Women's Wing

With the help of an investment from NLHC, the Salvation Army Wiseman Centre in St. John's officially opened its first emergency shelter units for women in October. The new women's wing was made possible through a $165,000 investment from NLHC's Provincial Homelessness Fund. The Wiseman Centre is a 30-bed facility with 10 supportive housing units and 20 short-term emergency shelter beds; including the four new units now reserved for women.

#### iii. Iris Kirby House

Newfoundland and Labrador Housing is a proud partner of Iris Kirby House emergency shelter for women, and a proud supporter of the volunteers, partners, and staff who work with this organization. Iris Kirby House was the province's first shelter for women. Since 1981, Iris Kirby

House has provided critical support, public education and crisis intervention and distress lines to women and their children. NLHC has worked with the facility since 1990 with the establishment of a Victims of Family Violence Policy, designed to give victims of violence first priority for housing.

Our government continues to build its relationship with Iris Kirby House, investing in its long-term goal of expanding support to women in vulnerable circumstances. NLHC has committed $525,000 to this expansion project through the Affordable Housing Program, donating $25,000 at the annual Iris Kirby House fundraiser in St. John's in September 2012. The planned expansion will bring the total number of emergency beds to 32 at the St. John's site and 47 in total when combined with the sister shelter, O'Shaughnessy House, in Carbonear.

### NLHC wins "Greenest Office Award"

NLHC Head Office was honoured on June 1st, 2012, with a tree planting ceremony for winning The Children's Wish Foundation and Ever Green Recycling's 2011 Greenest Office Challenge. NLHC employees raised the most in recycled beverage container dollars for a total of $1,000 for the Children's Wish Foundation. As the winner, NLHC also earned the title of "Children's Wish Foundation and Ever Green Recycling Greenest Office 2011".

### NLHC partners with Choices for Youth

NLHC and CUPE partnered once again in 2012 with Choices for Youth to facilitate Phase IV of Train for Trades. Train for Trades is a nationally recognized program that is designed to help

youth transition from being dependent on income support and other support systems to becoming independent and self sufficient. This is accomplished by working with youth to develop or increase work skills which will help them secure viable, sustainable, long-term employment.

Phase IV of the project included 10 youth between the ages 18 and 25 who are not eligible for employment insurance who have encountered barriers to employment. They are provided training and an opportunity to retrofit NLHC units. This retrofitting consists of demolition of existing walls; installation of rigid foam insulation; framing; installation of insulation, vapour barrier and gyproc; plastering and completing window trim. NLHC and CUPE supplied trades people to complete the electrical, plumbing and a portion of the administration. The Carpenters Millwright College provided a two-week specialized training course which provided the youth with the knowledge needed to work safely on a construction site and be comfortable with safety equipment and tools. The youth were then scheduled to spend the next 10 months on the construction sites with trades people where the expectations included working with others, being on time, and attending every day while they were working in a physically demanding environment.

The Lily Building was the first project undertaken by Train for Trades. Phase II focused on the energy efficiency retrofits of 40 NLHC units, and Phase III resulted in another 60 retrofitted units. An evaluation of Train for Trades found that 79 per cent of participants from Phase I and Phase II were employed or in post-secondary training to complete a trade. Participants from Phase III completed the program in March 2012.

The Choices for Youth Train for Trades program has been very successful with 80 per cent of participants going on to post-secondary education or employment. This initiative links directly with the provincial strategic direction that focuses on preventing, reducing and alleviating poverty. Selected youth experiencing economic poverty and other challenging issues receive valuable education, training and work experience to improve their well-being. For NLHC tenants, there is additional value gained in that the energy efficiency retrofits being carried out on NLHC units has resulted in reduced heating bills.

### Summit Place Officially Opened in Corner Brook

A new supportive affordable housing project operated by the Community Mental Health Initiative officially opened on September 24th. The Federal and Provincial Governments contributed equally to a $1 million investment through the Canada-Newfoundland and Labrador Affordable Housing Program Agreement to permit the construction of 10 new affordable housing units built and operated by the Community Mental Health Initiative (CMHI) in Corner Brook.

In addition to the joint federal/provincial investment, NLHC provided $350,000 through its Supportive Living Program and Provincial Homelessness Fund as well as $147,000 that will be provided annually through NLHC's Supportive Living Program to employ staff at the facility.

Summit Place, Corner Brook

## *Other Highlights from 2012-13*

### Canadian Housing and Renewal Association (CHRA) Congress held in St. John's

The 44th national congress on housing and homelessness took place in St. John's, May 1– 4, 2012. Canadian Housing and Renewal Association (CHRA) is a national organization that focuses attention on a full range of issues related to affordable housing. The main pillars of attention are focused on: keeping homes affordable, ending homelessness, renewing communities, and supporting a sustainable housing profession. The annual congress brings together affordable housing decision-makers, practitioners, policy experts and advocates from across the country to discuss shared experience and emerging issues.

It is the first time in the history of the CHRA that the congress was held in Newfoundland and Labrador. The Minister Responsible for NLHC and the CEO of NLHC participated as keynote speakers while several NLHC employees worked on the Congress Planning Committee and volunteered their time to provide delegate support during the congress. CHRA delegates had an opportunity to tour some NLHC projects.

## NLHC a member of WHSCC CEO Safety Charter

NLHC became a member of the Workplace Health, Safety and Compensation Commission's (WHSCC) CEO Safety Charter. CEO, Len Simms signed the charter on February 1st. All signatories who have joined the CEO Safety Charter pledge their continued commitment to promote better safety practices, foster healthy and safe workplaces and improve disability management throughout Newfoundland and Labrador.

## Intranet Launch

In September 2012, NLHC launched its new intranet to improve corporate communications by keeping staff connected. Its chief function is to enable employees to easily share housing news and photographs, internal corporate policies and procedures, forms and templates, calendar items and a variety of social and work connections. A 'phased' approach is being taken with the intranet. The launch was the first step on an exciting journey to build an intranet which provides an opportunity to communicate more easily and quickly with all NLHC staff so that everyone receives a consistent message. "Phase 2" will be focused on building knowledge and expertise on how to share a variety of work documents to meet the needs of employees. Once we have our own development experts in-house, we will be able to develop and introduce a variety of new communication features.

# Strategic Plan - Report on Performance

In 2012-13, NLHC's mission did not change: to address changing housing needs by improving housing conditions for low-to-moderate income households in Newfoundland and Labrador. This mission helps defines NLHC's activities in the short term; it also correlates nicely with the long-term vision outlined in the Province's Social Housing Plan "that Newfoundlanders and Labradorians have access to secure and affordable housing". The following report identifies the primary goals to accomplish this mission in 2012-13, as well as the major accomplishments achieved by the corporation in meeting those goals.

**Strategic Issue 1: Sustaining the public affordable housing portfolio**

The province of Newfoundland and Labrador owns some of the oldest social housing in Canada. Of the 5,556 units provincially owned, over half were built between 30 and 50 years ago. The aging infrastructure combined with years of deferred maintenance has led government to invest significantly to revitalize this critical housing stock. This investment has manifested itself in a number of different approaches:

- by following through on regularly scheduled maintenance and improvement requirements;
- providing increased funding for external repairs and upgrades
- providing first ever designated funding for internal repairs and upgrades
- providing first ever investments in insulation; and
- planning and carrying out full neighbourhood renewal plans in the most challenged neighbourhoods.

Government's financial support to NLHC has improved the condition of the social housing stock. NLHC has made great progress towards this target; in fact 75 per cent of NLHC homes are now rated as being in good condition, this is up from just 30 per cent just 6 years ago.

This addresses Government's strategic direction relating to housing via improvements to housing infrastructure, which is a component assigned to NL Housing's Business Plan.

**Goal:** By March 31, 2014, NLHC will have improved the condition of the public affordable rental housing portfolio.

**Objective 2013:** By March 31, 2013, NLHC will have continued with upgrading and neighbourhood renewal plans.

**Measure:** Upgraded public affordable rental housing homes and continued renewal in older public affordable rental housing neighbourhoods.

| Indicators | 2012-13 Accomplishments |
|---|---|
| Number of units upgraded through the Modernization and Improvement Program.<br><br>• | $10.1 million was spent upgrading 450 units. Major upgrades were made to doors, windows, siding, roofing, electrical systems as well as foundation repairs and accessibility modifications.<br><br>*Guidelines for the selection of work:<br>• Building or component condition ratings<br>• Employment for seasonal workers<br>• Correcting health and safety risks<br>• Correcting code or legislation violations<br>• On-going redevelopment schemes<br><br>How upgrades are carried out:<br>• Work is performed following requirements of all current legislation (such as the Public Tender Act, OHS, WHSCC, etc.) as well as internal policies and procedures.<br><br>Modernization and Improvement standards were introduced by NL Housing's Engineering department to standardize how buildings are upgraded. This standard resulted in an overall improvement more consistency, especially in the area of safety and energy efficiency |
| Percentage completion of long-term renewal plans for older public affordable rental housing neighbourhoods. | Work was continued in the three main neighbourhood renewal projects (Cashin/Froude, Empire Avenue and Crestview). The Cashin/Froude renewal, as of March 31, 2013 is 44 per cent complete; the Empire Avenue renewal is 34 per cent complete; and the Crestview renewal in Corner Brook is 44 per cent complete. |

**Discussion of Results:**

Since 2007, NLHC has been able to make continuous progress towards achieving the goal of upgrading the social housing portfolio. Before this concerted effort was taken on 30 per cent of the stock was given a rating of 5 by internal staff (on a scale of 1 to 5) which means it is in good

physical condition and do not require any major investment in the next five years. As of March 31, 75 per cent of the stock is now graded as being in good physical condition. These results are possible because government saw fit to triple the traditional budget line of $4 million annually to $12 million. This investment coupled with the 2009-11 Federal/Provincial Economic Stimulus funding has allowed the corporation to take great strides. Funding for modernization and Improvement was maintained at the $12 million level in 2012-13 and this funding assisted in the upgrading of another 450 homes.

Work continues to advance on our Neighbourhood renewals as well. In addition to major exterior renovations; these older more challenging neighbourhoods have been undergoing full neighbourhood renewal plans. In 2012-13 work continued in the Cashin/Froude Avenue and the Empire Avenue (Rabbittown) neighbourhoods in St. John's as well as the Crestview Avenue neighbourhood in Corner Brook. These renewals have been well received by tenants, neighbourhoods and all communities.

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**Indicator Development for 2013-14**

**Objective 2014**:
By March 31, 2014, NL Housing will have completed its three-year plan for modernization and improvement.

**Measures**: Upgraded public affordable rental housing homes and continued renewal in older public affordable rental housing neighbourhoods.

**2013-14 Indicators:**

- Number of units upgraded through the Modernization and Improvement program.
- Percentage completion of the long-term renewal plans of older public affordable rental housing neighbourhoods.

**Strategic Issue 2: Responding to changing housing needs**

Housing need primarily arises when people cannot afford to remain where they live, it can also arise when the condition of a home has deteriorated so that it is no longer adequate or suitable. As the population in the province evolves so does the housing needs of the people. A significant part of the work carried out by NLHC that goes beyond providing affordable rentals

through social housing is supporting people in the private market, whether they be low-income homeowners or low-income renters renting in the private rental market.

Considering the changing demographics, responsive, evolving programming is required to ensure people's needs are being met. NLHC offers a suite of programs that ranges from grants to make homes accessible to supplements to allow people to continue to rent in the private rental market.

These programs address Government's strategic direction relating to housing via responsive social housing options for households with the greatest need. This is a component assigned to NL Housing's Business Plan.
**Goal**: By March 31, 2014, NLHC will have improved housing options within the stock of privately owned homes and rental homes in response to changing housing needs.

**Objective:** By March 31, 2013, NLHC will have further implemented measures to respond to changing housing needs.

**Measure:** Further implemented measures to respond to changing housing needs.

| **Indicators:** | **2012-13- Accomplishments** |
|---|---|
| Number of repair grants and loans provided | • Compared to the previous year, approximately 11 per cent more people were assisted through the PHRP program in 2012-13 with 1,758 households served with regular PHRP grants and 569 households served with Emergency PHRP grants. These grants help people remain in their homes by allowing them to complete essential repairs.<br>• 392 households received repayable loans from NLHC for the purpose of repairing their homes. |
| Number of accessibility related grants and loans provided | • 377 households served with Home Modification Program grants allowing them to make accessibility improvements to their homes.<br>• 60 households received repayable loans to assist with accessibility modifications to their homes. |
| Number of repair and accessibility modification grants and loans provided to specific target groups | PHRP and HMP assisted the following households in specified target groups in 2012-13:<br>• Seniors- 3,005 |

| | |
|---|---|
| | • Non-seniors- 486<br>• Persons with Disabilities- 437<br><br>The Residential Energy Efficiency Program (REEP) program assisted 842 seniors. |
| Number of energy efficiency grants provided to homeowners to improve the energy efficiency of their homes | 1,010 households were approved for the REEP grant to allow them to undertake energy efficiency improvements to their homes. |
| Number of households assisted under the Rent Supplement Program | • Utilized another $1.0 million of increased funding for rent supplements to gain 162 new low-income accommodations.<br>• The full rent supplement complement now stands at 1,709 rental homes. |
| Number of new affordable housing units reaching construction completion | • From the 2011 proposal call, 246 conditional approvals were made. In 2012-13, 51 of those approvals were completed and added to the Provincial affordable housing stock. |
| Number of new affordable housing units reaching construction completion for specific target groups. | • The original conditional approvals were generated for the following groups:<br><br>– Multiple Target Groups - 131<br>– Seniors - 76<br>– Supportive Housing - 39<br><br>• In 2012-13 the following were completed:<br><br>– Multiple Target Groups - 29<br>– Seniors – 18<br>– Supportive Housing – 4 |

**Discussion of Results:**

In addition to the direct delivery of public affordable rental housing, the results from 2012-13 clearly show that we remain equally committed to the goal of assisting homeowners to stay in their homes and to promote the development and utilization of affordable rental housing in the private rental market. Over 3,300 low-income homeowners availed of home renovation/repair programming in 2012-13. Furthermore the full complement of rent supplements offered through NLHC has grown to over 1,700. These are very positive programs that directly improve

people's housing quality and affordability; and are extremely important in meeting the province's commitment to delivering to these most in need in our society.

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**Indicator Development for 2013-14**

**Objective 2014**: By March 31, 2014, NLHC will have further implemented measures to respond to changing housing needs.

**Measure**: Activities taken to improve housing conditions to respond to changing housing need.

**2013-14 Indicators**

- Number of repair grants and loans provided.
- Number of accessibility modification related grants and loans provided.
- Number of repair and accessibility modification grants and loans provided to specific target groups.
- Number of energy efficiency grants provided to homeowners to improve the energy efficiency of their homes.
- Number of households assisted under the Rent Supplement Program.
- Number of new affordable housing units reaching construction completion.
- Number of new affordable housing units reaching construction completion for specific target groups.

# Challenges and Opportunities

## Challenges

Many of the challenges facing NLHC for the coming year stem directly from the booming economy and major project developments as well as the constantly changing demographics of the province.

The strong economic performance of the province in conjunction with major project developments have created regional pockets with very low rental vacancy rates. With demand outpacing supply for rental accommodations it is anticipated that rental rates will continue to rise. Often, rental market pressures are short lived as projects come to an end. It is a true challenge to meet the housing needs of those most vulnerable and strike a balance in terms of making the solutions sustainable over the long term.

One of the areas of interest identified by stakeholders is an increasing incidence of homelessness. However, homelessness is very difficult to quantify leading to reliance upon anecdotal stories that do not provide any insight into the depth of homelessness and the level of need in society. When most people think of people who are homeless, they think of people living on the street. Homelessness is often hidden. One example of hidden homelessness is when someone is "couch surfing" at a friend's house.

In order to be able to better meet the needs of people who are homeless and people at risk of being homeless, it is important to be able to quantify what these needs are and align funding and services to ensure that those needs are being met. Some significant steps have been taken to make those strategic alignments required, such as the transfer of the Supportive Living Program to NLHC to lead to better coordination of infrastructure and operating funding. There is still a lot of work to do to improve our understanding of homelessness.

Changing demographics is an ever-present challenge in terms of the provision of safe, adequate and affordable housing. As the population ages in Newfoundland Labrador, there will be a significant requirement for more accessible housing and for smaller social housing units. Although 80 per cent of rental units owned and operated by NLHC have three bedrooms or more, almost 90 per cent of our demand for housing is for one and two-bedroom homes. Some of this demand has been offset by the private market through the use of NLHC rent supplements. NLHC has also taken steps to reconfigure and convert some of its homes from larger units into smaller units. In 2012-13, 21 four-bedroom homes have been converted to three-bedroom or two-bedroom homes and 23 three-bedroom homes have been converted to two-bedroom homes.

## Opportunities

Government's continued commitment and support of the Social Housing Plan – *Secure Foundations* remains a cornerstone in meeting the challenges facing NLHC. As outlined in the plan, the strategic action priorities demonstrate that there is a clear vision regarding a commitment to social housing in Newfoundland Labrador.

One of the most exciting opportunities for NLHC is the nature and level of stakeholder involvement: since September 2009 many partnerships have been created to help address the ever changing needs of the residents of the province. The annual fall Stakeholder Input Session remains a key opportunity in terms of understanding and responding to the needs in community. In 2013-14, new technologies will be utilized that will allow NLHC to increase stakeholder engagement from all areas of the province.

The transfer of the Supportive Living Program to NLHC in April 2012 has allowed government to strategically align infrastructure investments with operating funding for the many community partners and projects that support those who are homeless or at risk of being homeless. This transfer has also afforded NLHC the opportunity to engage a nationally recognized consultant in 2013/14 to undertake research on the incidence and depth of homelessness on a regional level across this province. This research and analysis will ensure that both infrastructure and operating investments best meet the needs of these vulnerable populations.

Though the economy has remained strong there have been some signals that the private rental market is responding to housing demand. CMHC statistics have indicated a slight increase in vacancy rates across the province. The province's investment in the Affordable Housing Initiative continues to result in the construction of new rental accommodations all over the province.

NLHC has invested in research and development to generate more opportunities for creative solutions to ever changing social housing needs. For example, in 2012 NLHC introduced an innovative approach to a Request for Proposals for the sale of land. For the first time ever, NLHC included a requirement that the purchaser of the land build 100 moderate households (800 square feet) as part of the proposed new development. This will eventually generate a significant number of smaller, more affordable homes for purchase and lead to future opportunities to address housing affordability. NLHC now requires all new social housing developments as well as developments built through the Affordable Housing Initiative to incorporate universal design features, thereby responding to the need for more accessible housing. These initiatives highlight how creative and innovative thinking can be utilized to meet the needs being presented.

# Financial Statements

# NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

## FINANCIAL STATEMENTS

## MARCH 31, 2013

**Management's Report**

***Management's Responsibility for the Newfoundland and Labrador Housing Corporation Financial Statements***

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that transactions are properly authorized, assets are safeguarded and liabilities are recognized.

Management is also responsible for ensuring that transactions comply with relevant policies and authorities and are properly recorded to produce timely and reliable financial information.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial information on a quarterly basis and external audited financial statements yearly.

The Auditor General conducts an independent audit of the annual financial statements of the Corporation, in accordance with Canadian generally accepted auditing standards, in order to express an opinion thereon. The Auditor General has full and free access to financial management of the Newfoundland and Labrador Housing Corporation.

On behalf of the Newfoundland and Labrador Housing Corporation.

Len Simms

Mr. Len Simms
Chairperson and Chief Executive Officer

Mr. Thomas F. Lawrence, CMA, FCMA
Chief Financial Officer

September 12, 2013

AUDITOR
GENERAL
of Newfoundland and Labrador

# INDEPENDENT AUDITOR'S REPORT

To the Chairperson and Members of the Board of Directors
Newfoundland and Labrador Housing Corporation
St. John's, Newfoundland and Labrador

**Report on the Financial Statements**

I have audited the accompanying financial statements of the Newfoundland and Labrador Housing Corporation which comprise the statement of financial position as at March 31, 2013, the statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

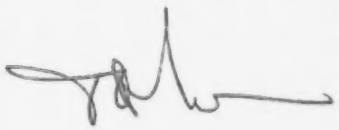
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

## Independent Auditor's Report (cont.)

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Opinion*

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Newfoundland and Labrador Housing Corporation as at March 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



**TERRY PADDON, CA**
**Auditor General**

September 12, 2013
St. John's, Newfoundland and Labrador

# NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
## STATEMENT OF FINANCIAL POSITION
As at March 31

| | 2013 (000's) | 2012 (000's) Restated (Note 30) |
|---|---|---|
| **FINANCIAL ASSETS** | | |
| Cash | $ 62,512 | $ 61,424 |
| Accounts receivable (Note 5) | 1,836 | 1,577 |
| Land held for sale (Note 6) | - | 534 |
| Due from government and other government organizations (Note 7) | 5,185 | 4,951 |
| Loans receivable (Note 8) | 6,567 | 7,335 |
| Receivables from municipalities - land transfers (Note 9) | 1,044 | 1,150 |
| | 77,144 | 76,971 |
| **LIABILITIES** | | |
| Accounts payable and accrued liabilities (Note 10) | 11,011 | 11,240 |
| Employee future benefits (Note 11) | 24,902 | 22,974 |
| Due to government and other government organizations (Note 12) | 651 | 837 |
| Deferred revenue (Note 13) | 10,168 | 13,564 |
| Long-term debt (Note 14) | 115,806 | 122,238 |
| | 162,538 | 170,853 |
| **Net debt** | (85,394) | (93,882) |
| **NON-FINANCIAL ASSETS** | | |
| Tangible capital assets (Note 15) | 132,236 | 135,591 |
| Inventories held for use | 391 | 382 |
| Prepaid expenses (Note 16) | 4,244 | 3,739 |
| | 136,871 | 139,712 |
| **Accumulated surplus** | $ 51,477 | $ 45,830 |

**Contingent liabilities (Note 17)**
**Contractual obligations (Note 18)**
**Trust under administration (Note 21)**

**Signed on behalf of the Corporation:**

**Chairperson** **Member**

*The accompanying notes are an integral part of these financial statements.*

## NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
### STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended March 31

| | 2013 Budget | 2013 Actual | 2012 Actual |
|---|---|---|---|
| | **(000's) (Note 27)** | **(000's)** | (000's) Restated (Note 30) |
| **REVENUES (Note 19)** | | | |
| Province of Newfoundland and Labrador operating grant | **$ 56,124** | **$ 56,551** | $ 52,827 |
| CMHC revenue | **52,535** | **55,884** | 60,719 |
| Other government sources | **225** | **350** | 332 |
| Rent | **19,316** | **20,852** | 20,337 |
| Interest | **936** | **1,385** | 1,218 |
| Land sales | **-** | **15,078** | 205 |
| Profit from land sales by municipalities | **200** | **548** | 537 |
| Gain on sale of tangible capital assets | **-** | **-** | 2 |
| Other | **37** | **477** | 456 |
| | **129,373** | **151,125** | 136,633 |
| **EXPENSES (Note 19)** | | | |
| Rental operations | **60,659** | **62,038** | 68,042 |
| Partner managed housing | **10,235** | **11,208** | 13,159 |
| Affordable housing investments | **27,665** | **24,820** | 23,532 |
| Rent supplement | **8,355** | **8,683** | 7,391 |
| Land development | **-** | **1,019** | 1,403 |
| Administration | **23,446** | **24,310** | 25,772 |
| | **130,360** | **132,078** | 139,299 |
| **Annual (deficit) surplus before the transfer of funds to the Province of Newfoundland and Labrador** | **(987)** | **19,047** | (2,666) |
| **Transfer of funds to the Province of Newfoundland and Labrador (Note 22)** | **-** | **(13,400)** | - |
| **Annual (deficit) surplus** | **(987)** | **5,647** | (2,666) |
| **Accumulated surplus, beginning of year** | **45,830** | **45,830** | 48,496 |
| **Accumulated surplus, end of year** | **$ 44,843** | **$ 51,477** | $ 45,830 |

*The accompanying notes are an integral part of these financial statements.*

Office of the Auditor General

# NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

## STATEMENT OF CHANGE IN NET DEBT

For the Year Ended March 31

| | 2013 Budget | 2013 Actual | 2012 Actual |
|---|---|---|---|
| | **(000's)** **(Note 27)** | **(000's)** | (000's) Restated (Note 30) |
| Annual (deficit) surplus | **$ (987)** | **$ 5,647** | $ (2,666) |
| **Changes in tangible capital assets (Note 15)** | | | |
| Acquisition of tangible capital assets | **(7,591)** | **(2,801)** | (2,142) |
| Net book value of tangible capital asset disposals and write-downs | **-** | **71** | 405 |
| Amortization of tangible capital assets | **-** | **6,085** | 6,353 |
| | **(7,591)** | **3,355** | 4,616 |
| **Changes in other non-financial assets** | | | |
| Net acquisition of inventories held for use | **-** | **(9)** | (28) |
| Net acquisition of prepaid expenses | **-** | **(505)** | (9) |
| | **-** | **(514)** | (37) |
| **(Increase) decrease in net debt** | **(8,578)** | **8,488** | 1,913 |
| **Net debt, beginning of year** | **(93,882)** | **(93,882)** | ( 95,795) |
| **Net debt, end of year** | **$ (102,460)** | **$ (85,394)** | $ (93,882) |

*The accompanying notes are an integral part of these financial statements.*

# NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
## STATEMENT OF CASH FLOWS
For the Year Ended March 31

| | 2013 (000's) | 2012 (000's) Restated (Note 30) |
|---|---|---|
| **Operating transactions** | | |
| Annual surplus (deficit) | $ 5,647 | $ (2,666) |
| Adjustment for non-cash items and change in non-cash operating items: | | |
| (Increase) decrease in provision for doubtful accounts, loans receivable | (115) | 22 |
| Amortization of tangible capital assets | 6,085 | 6,353 |
| Write-down of tangible capital assets | 65 | 76 |
| Losses (gains) on sale of tangible capital assets | 9 | (2) |
| Write-down of land for sale | - | 1,322 |
| Employee future benefits | 1,928 | 1,592 |
| Deferred revenue | (3,396) | (7,177) |
| Forgivable loans | 4,953 | 7,924 |
| Other (Note 23) | (1,422) | 2,542 |
| **Cash provided by operating transactions** | 13,754 | 9,986 |
| **Capital transactions** | | |
| Proceeds, net of selling costs, on sale of tangible capital assets | (3) | 331 |
| Cash used to acquire tangible capital assets | (2,801) | (2,142) |
| **Cash applied to capital transactions** | (2,804) | (1,811) |
| **Investing transactions** | | |
| Decrease in receivable from municipalities - land transfers | 106 | 114 |
| Decrease (increase) in land for sale | 534 | (534) |
| Repayment of loans and advances | 2,561 | 3,227 |
| Forgivable loans | (4,953) | (7,924) |
| Loans and advances | (1,678) | (2,006) |
| **Cash applied to investing transactions** | (3,430) | (7,123) |
| **Financing transactions** | | |
| Debt retirement | (6,432) | (6,787) |
| **Cash applied to financing transactions** | (6,432) | (6,787) |
| **Increase (decrease) in cash** | 1,088 | (5,735) |
| **Cash, beginning of year** | 61,424 | 67,159 |
| **Cash, end of year** | $ 62,512 | $ 61,424 |

*The accompanying notes are an integral part of these financial statements.*

## 1. Nature of operations

The Newfoundland and Labrador Housing Corporation (the Corporation) operates under the authority of the *Housing Corporation Act*. The purpose of the Corporation is to provide cost-effective housing and related programs for the benefit of the residents of the Province with priority given to those most in need. Its affairs are governed by a Board of Directors appointed by the Lieutenant-Governor in Council.

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

## 2. Summary of significant accounting policies

### (a) Basis of accounting

The Corporation is classified as an Other Government Organization as defined by Canadian Public Sector Accounting Standards (CPSAS). These financial statements are prepared by management in accordance with CPSAS for provincial reporting entities as established by the Canadian Public Sector Accounting Board (PSAB). The Corporation does not prepare a statement of re-measurement gains and losses as the Corporation does not enter into relevant transactions or circumstances that are being addressed by that statement.

### (b) Financial instruments

The Corporation's financial instruments recognized on the statement of financial position consist of cash, accounts receivable, due from government and other government organizations, loans receivable, receivables from municipalities - land transfers, accounts payable and accrued liabilities, due to government and other government organizations and long-term debt.

The Corporation generally recognizes a financial instrument when it enters into a contract which creates a financial asset or financial liability. The Corporation subsequently measures all of its financial assets and financial liabilities at cost or amortized cost. Financial assets measured at cost include cash, due from government and other government organizations, and receivables from municipalities - land transfers. Accounts receivable and loans receivable are measured at amortized cost as disclosed in Note 5 and Note 8, respectively. All financial assets are assessed annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations and accumulated surplus. Financial liabilities measured at cost include accounts payable and accrued liabilities and due to government and other government organizations. Long-term debt is measured at amortized cost as disclosed in Note 14.

Interest attributable to financial instruments is reported in the statement of operations and accumulated surplus.

### (c) Cash

Cash includes cash in the bank.

**2. Summary of significant accounting policies (cont.)**

**(d) Land held for sale**

Land held for sale is recorded at the lower of cost and net realizable value.

**(e) Loans receivable**

Loans receivable are recorded at amortized cost. Valuation allowances are made when collection is in doubt and is estimated based on the value of accounts referred to a collection agency and the accounts with reported arrears balances.

**(f) Employee future benefits**

The cost of retirement life insurance and health care benefits, severance pay, and non-vesting sick leave benefits are actuarially determined using management's best estimate of the long-term inflation rate, compensation increases, discount rate and health care cost trends.

**(g) Tangible capital assets**

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives as follows:

| | |
|---|---|
| Rental properties | 40 years |
| Office buildings | 40 years |
| Furniture and office equipment | 10 years |
| Maintenance tools and equipment | 10 years |
| Computer hardware and software | 4 years |
| Vehicles | 5 years |

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Corporation's ability to meet its mandate, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations and accumulated surplus.

Contributed capital assets are recorded as revenue at their fair market value on the date of donation, except in circumstances where fair value cannot be reasonably determined, which are then recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

**2. Summary of significant accounting policies (cont.)**

**(h) Inventories held for use**

Inventories held for use include rental property, parts and supplies and are recorded at the lower of historical cost and replacement cost.

**(i) Prepaid expenses**

Prepaid expenses include property taxes, subsidies, insurance, licenses and rent and are recorded as an expense over the periods expected to benefit from it.

**(j) Revenues**

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues in the period the transfer is authorized and all eligibility criteria have been met, except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the Corporation. Government transfers consist of funding from the Province of Newfoundland and Labrador and Canada Mortgage and Housing Corporation (CMHC).

Interest income is accounted for using the effective interest method for all loans, other than the impaired portion of loans. Recognition of interest in accordance with the terms of the original loan agreement ceases when a loan becomes impaired.

**(k) Expenses**

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is recorded as an expense.

Government transfers are recognized as expenses in the period in which the transfer is authorized and all eligibility criteria have been met. Government transfers include grants and subsidies under the Corporation's social programs, and also include transfer of funds to the Province of Newfoundland and Labrador.

## 2. Summary of significant accounting policies (cont.)

### (l) Measurement uncertainty

The preparation of financial statements, in conformity with CPSAS, requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the useful life of capital assets, recoverable value of land held for sale, estimated employee future benefits and impairment of assets.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

## 3. Changes in accounting policies

The Corporation has adopted the following new accounting policies:

In March 2011, the PSAB approved new Section PS 3450, *Financial Instruments*, Section PS 2601, *Foreign Currency Translation*, to replace current Section PS 2600, *Foreign Currency Translation* and Section PS 1201, *Financial Statement Presentation*, to replace current Section PS 1200, *Financial Statement Presentation*. In addition, in March 2012, the PSAB approved Section PS 3041, *Portfolio Investments*, to replace Section PS 3040, *Portfolio Investments*. Government organizations are required to adopt all four sections in the same year. The four sections are effective for fiscal years beginning on or after April 1, 2012, for government organizations but earlier adoption is permitted. As a result of adopting these sections during the current year, the Corporation provided additional disclosures related to financial instruments and financial risk management.

## 4. Accounting pronouncements

In June 2010, the PSAB approved Section PS 3260, *Liability for Contaminated Sites*. This section is effective for fiscal years beginning on or after April 1, 2014, for government organizations but earlier adoption is encouraged. The Section establishes recognition, measurement and disclosure standards for liabilities relating to contaminated sites of government organizations. The Corporation is evaluating the impact of this new section.

## 5. Accounts receivable

| | 2013 (000's) | 2012 (000's) |
|---|---|---|
| Harmonized sales tax receivable | $ 1,415 | $ 1,056 |
| Rents | 275 | 216 |
| Other | 303 | 436 |
| | 1,993 | 1,708 |
| Less: provision for doubtful accounts | (157) | (131) |
| | $ 1,836 | $ 1,577 |

## 6. Land held for sale

| | 2013 (000's) | 2012 (000's) |
|---|---|---|
| Land held for sale, beginning of year | $ 534 | $ 1,322 |
| Costs incurred during the year: | | |
| Impairment recognized during year | - | (1,322) |
| Land development | 187 | 534 |
| | 721 | 534 |
| Less: cost of earned sales recognized during year | (721) | - |
| Land held for sale, end of year | $ - | $ 534 |

In September 1998, the Province directed the Corporation to divest of the majority of its land holdings. Land held for sale is valued at the lower of cost and net realizable value. The estimated net realizable value is determined using management's best estimates of future sales and costs. Management recognizes that changes in future conditions, such as market demand, assumed in making these estimates, are not predictable. Consequently, material adjustments to the carrying value of the asset are possible depending upon the impact of any changes and management's best estimate of them.

## 7. Due from government and other government organizations

| | 2013 (000's) | 2012 (000's) |
|---|---|---|
| CMHC | $ 4,194 | $ 4,089 |
| Province of Newfoundland and Labrador | 715 | 596 |
| Municipalities | 276 | 266 |
| | $ 5,185 | $ 4,951 |

## 8. Loans receivable

| | 2013 (000's) | 2012 (000's) |
|---|---|---|
| Forgivable loans bearing no interest | $ 76,165 | $ 71,212 |
| Promissory notes bearing fixed interest rates ranging from 0% to 12.75%, repayable in blended monthly principal and interest payments with due dates ranging from April 2013 to April 2041. These notes are unsecured and can be retired prior to maturity. | 6,487 | 6,933 |
| Mortgages bearing fixed interest rates ranging from 0% to 11.25%, repayable in blended monthly principal and interest payments with due dates ranging from April 2013 to November 2022. These mortgages are secured and can be retired prior to maturity. | 1,351 | 1,788 |
| Less: provision for forgivable loans | (76,165) | (71,212) |
| Less: provision for doubtful accounts | (1,271) | (1,386) |
| | $ 6,567 | $ 7,335 |

Forgivable loans bearing no interest are advanced to recipients subject to meeting certain eligibility criteria and are recorded through grants and subsidies expense when advanced. Forgiveness terms include an amortization period ranging between 1 and 25 years, during whic. time the unamortized portion of the loan is required to be repaid only upon sale of the property. As such, there is a low likelihood of required repayment.

## 9. Receivable from municipalities - land transfers

In September 1998, the Province of Newfoundland and Labrador directed the Corporation to enter into agreements with municipalities to transfer its banked and developed industrial and commercial land. The agreements will transfer these lands to the municipalities under a mortgage arrangement and provide for a share of future land sales revenue to the Corporation.

The receivable is valued at the lower of the carrying value of the land at the date of transfer and the Corporation's share of the net realizable value of the land as outlined in the agreements. The estimated net realizable value is determined using management's best estimates of future sales. Management recognizes that changes in future conditions, such as market demand, assumed in making these estimates are not predictable. Consequently, adjustments to the carrying value of the receivable from municipalities re: land transfers are possible depending on the impact of any changes and management's best estimate of them.

For the year ended March 31, 2013, 21 agreements were in place for the transfer of land to municipalities at a carrying value of $1,044,000 (2012 - $1,150,000).

## 10. Accounts payable and accrued liabilities

| | 2013 (000's) | 2012 (000's) |
|---|---|---|
| Trade accounts payable | $ 7,041 | $ 7,185 |
| Salaries and benefits payable | 499 | 605 |
| Accrued leave | 1,960 | 1,883 |
| Accrued interest payable | 1,018 | 1,069 |
| Other | 493 | 498 |
| | $ 11,011 | $ 11,240 |

## 11. Employee future benefits

Information about obligations for retirement benefits and other employee future benefits is as follows:

### (a) Pension Plan

The Corporation and its employees contribute to the Public Service Pension Plan in accordance with the *Public Service Pensions Act, 1991* (the *Act*). The Government of Newfoundland and Labrador administers the Public Service Pension Plan, including payment of pension benefits to employees to whom the *Act* applies. The Public Service Pension Plan is a multi-employer, defined benefit plan.

The plan provides a pension to employees based on their length of service and rates of pay. The maximum contribution rate for eligible employees was 8.6% (2012 - 8.6%). The Corporation contributes an amount equal to the employee contributions to the plan. The Corporation is not required to make contributions in respect of any actuarial deficiencies of the plan. The pension expense for the Corporation for the year ended March 31, 2013, was $1,364,544 (2012 - $1,393,199).

### (b) Retirement and other employee future benefit liabilities

| | 2013 | | | | 2012 |
|---|---|---|---|---|---|
| | **Retirement life insurance and health care benefits** | **Severance pay** | **Non-vesting sick leave benefits** | **Total Employee Benefits** | Total Employee Benefits |
| | **(000's)** | **(000's)** | **(000's)** | **(000's)** | (000's) |
| Accrued employee future benefit obligations, end of year | **$ 22,707** | **$ 3,921** | **$ 1,159** | **$ 27,787** | $ 27,753 |
| Unamortized actuarial (loss) gain, end of year | **(2,862)** | **31** | **(54)** | **(2,885)** | (4,779) |
| Employee future benefits liability, end of year | **$ 19,845** | **$ 3,952** | **$ 1,105** | **$ 24,902** | $ 22,974 |

## 11. Employee future benefits (cont.)

### (c) Retirement and other employee future benefit expenses

| | 2013 | | | | 2012 |
|---|---|---|---|---|---|
| | Retirement life insurance and health care benefits | Severance pay | Non-vesting sick leave benefits | Total Employee Benefits | Total Employee Benefits |
| | (000's) | (000's) | (000's) | (000's) | (000's) |
| Employer contributions | $ 498 | $ 109 | $ 33 | $ 640 | $ 592 |
| Benefit payments | (277) | (352) | (56) | (685) | (717) |
| Interest on accrued benefit obligation | 1,138 | 193 | 56 | 1,387 | 1,376 |
| Amortization of actuarial losses (gains) | 584 | (4) | 6 | 586 | 341 |
| Employee future benefit expenses | $ 1,943 | $ (54) | $ 39 | $ 1,928 | $ 1,592 |

### (d) Retirement and other employee future benefits

#### i. Retirement life insurance and health care benefits

All retired employees of the Corporation are eligible to participate in the group insurance plans. Under the plans, the Corporation pays 50% of the total premium charged towards the benefits of both active employees and retirees for life insurance and health care benefits. The Corporation pays 100% of retirees' life insurance premiums after age 65. There are no fund assets associated with these group insurance plans.

#### ii. Severance pay

Severance pay is calculated based on years of service and current salary levels. Entitlement to severance pay vests with employees after nine years of continuous service. The amount is payable when employees cease employment with the Corporation unless an employee transfers to another entity in the public service, in which case the liability is transferred with that employee to the other entity. The Corporation's severance liability also includes a provision for employees with less than nine years of continuous service, based upon the Corporation's best estimate of the probability of having to pay severance to those employees.

**11. Employee future benefits (cont.)**

**(d) Retirement and other employee future benefits (cont.)**

**iii. Non-vesting sick leave benefits**

All unionized employees hired before May 4, 2004 are credited with 2 days per month and all unionized employees hired thereafter are credited with 1 day per month for use as paid absences in the year due to illness. Employees are allowed to accumulate unused sick day credits each year, up to the allowable maximum provided in their respective employment agreement. Accumulated credits may be used in future years to the extent that the employee's illness exceeds the current year's allocation of credits. The use of accumulated sick days for sick leave compensation ceases on termination of employment. The benefit costs and liabilities are included in the financial statements.

**iv. Actuarial valuation**

The accrued employee future benefit obligations as at March 31, 2013, have been extrapolated based on valuations performed as at March 31, 2012.

Assumptions about future events used in the calculation of the accrued employee future benefit obligations are as follows:

| | **2013** | 2012 |
|---|---|---|
| Long-term inflation rate | **2.0%** | 2.0% |
| Compensation increase | **4.0%** | 4.0% |
| Discount rate | **5.0%** | 5.0% |
| Health care cost trend | **7.5%** | 7.5% |

Other assumptions used in the valuation include termination rates, plan participation rates, utilization rates and mortality rates.

Actuarial assumptions are reviewed and assessed on a regular basis to ensure that the accounting assumptions take into account various changing conditions and reflect the Corporation's best estimate of expectations over the long-term.

**v. Experience gains or losses**

Experience gains or losses are amortized over the estimated average remaining service life of active participants. The amortization amount will be included with retirement costs in the financial statements commencing in the year subsequent to the year in which the experience gain or loss arose.

## 12. Due to government and other government organizations

| | 2013 (000's) | 2012 (000's) |
|---|---|---|
| CMHC | $ 93 | 154 |
| Provincial Government | 73 | 78 |
| Provincial government business enterprise | 16 | 24 |
| Municipalities | 469 | 581 |
| | $ 651 | $ 837 |

## 13. Deferred revenue

| | Balance, beginning of year | Billings/receipts during year | Transferred to revenue | Refundable to CMHC | Balance, end of year |
|---|---|---|---|---|---|
| | (000's) | (000's) | (000's) | (000's) | (000's) |
| CMHC Affordable Housing Program | $ 11,212 | $ 2,732 | $ (3,836) | - | $ 10,108 |
| CMHC Economic Stimulus Program | 2,124 | - | (2,124) | - | - |
| CMHC Provincial Home Repair Program | 228 | 4,078 | (4,153) | (93) | 60 |
| | $ 13,564 | $ 6,810 | $ (10,113) | $ (93) | $ 10,168 |

Deferred revenue from CMHC relates to the unearned balance of funds from CMHC for programs as outlined under various federal-provincial agreements. The deferred revenue will be recognized as revenue when the related expenses are incurred. If the funds are not spent for the programs specified under the agreements, they will have to be repaid to CMHC. As of March 31, 2013, CMHC funding in the amount of $10,168,000 was received but not earned.

## 14. Long-term debt

Long-term debt reported on the statement of financial position is comprised of the following:

| | 2013 (000's) | 2012 (000's) |
|---|---|---|
| Long-term debt obligations arising from the Canada-Newfoundland Social Housing Agreement of April 1997 payable to CMHC, bearing fixed interest rates ranging from 5.50% to 19.75%, repayable in blended quarterly principal and interest payments of $2,972,083 with due dates ranging from January 2020 to January 2038. This debt is not secured and cannot be retired prior to maturity. The principal and interest payments required are funded entirely through the annual CMHC grant pursuant to the Canada - Newfoundland Social Housing Agreement of April 1997. | $ 81,500 | $ 83,034 |
| Long-term debt obligations arising from the Canada-Newfoundland Social Housing Agreement of April 1997 payable to CMHC, bearing fixed interest rates ranging from 6.25% to 16.00%, repayable in blended monthly principal and interest payments of $344,391 with due dates ranging from April 2013 to June 2020. This debt is not secured and cannot be retired prior to maturity. The principal and interest payments required are funded entirely through the annual CMHC grant pursuant to the Canada - Newfoundland Social Housing Agreement of April 1997. | 11,556 | 14,656 |
| CMHC fixed rate term debentures, at variable interest rates of 1.67% to 2.75% repayable in blended monthly installments of $180,539, with final due dates ranging from December 2021 to January 2030. This debt is not secured and can be retired prior to maturity. | 22,546 | 24,099 |
| Long-term debt obligations arising from the Canada-Newfoundland Global Agreement on Social Housing of February 1986, Canada-Newfoundland Operating Agreement of June 1986, and the Canada-Newfoundland Agreement on the Provincial Home Repair Program of January 1999 payable to CMHC, bearing fixed interest rates ranging from 2.00% to 12.75%, with final due dates ranging from April 2013 to February 2020. This debt is not secured and can be retired prior to maturity. | 204 | 449 |
| | $ 115,806 | $ 122,238 |

**14. Long-term debt (cont.)**

Anticipated annual principal repayments over the next five years and thereafter are as follows:

| | (000's) |
|---|---|
| 2014 | $ 6,403 |
| 2015 | 6,506 |
| 2016 | 6,340 |
| 2017 | 5,492 |
| 2018 | 5,256 |
| 2019 - 2038 | 85,809 |
| | $ 115,806 |

Interest expense for the year on outstanding debt totaled $12,311,000 (2012 - $13,630,000) and is included in interest and bank charges in the segmented information by object (Note 19).

## 15. Tangible capital assets

**March 31, 2013**

| | Land (000's) | Rental properties (000's) | Office buildings (000's) | Furniture and office equipment (000's) | Maintenance tools and equipment (000's) | Computer hardware (000's) | Computer software (000's) | Vehicles (000's) | Total (000's) |
|---|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | | |
| Opening balance | $ 54,714 | $ 231,471 | $ 9,058 | $ 286 | $ 86 | $ 894 | $ 2,361 | $ 2,220 | $ 301,090 |
| Adjustments | 866 | (866) | - | - | - | - | - | - | - |
| Additions | 32 | 2,333 | - | - | - | 232 | 106 | 98 | 2,801 |
| Disposals | - | (42) | - | (58) | - | (86) | (145) | (102) | (433) |
| Write-downs | - | (238) | - | - | - | - | - | - | (238) |
| Closing balance | $ 55,612 | $ 232,658 | $ 9,058 | $ 228 | $ 86 | $ 1,040 | $ 2,322 | $ 2,216 | $ 303,220 |
| **Accumulated amortization** | | | | | | | | | |
| Opening balance | - | 157,672 | 3,608 | 118 | 22 | 653 | 2,025 | 1,401 | 165,499 |
| Amortization | - | 5,155 | 226 | 23 | 9 | 169 | 151 | 352 | 6,085 |
| Disposals | - | (36) | - | (58) | - | (86) | (145) | (102) | (427) |
| Write-downs | - | (173) | - | - | - | - | - | - | (173) |
| Closing balance | $ - | $ 162,618 | $ 3,834 | $ 83 | $ 31 | $ 736 | $ 2,031 | $ 1,651 | $ 170,984 |
| **Net book value** | **$ 55,612** | **$ 70,040** | **$ 5,224** | **$ 145** | **$ 55** | **$ 304** | **$ 291** | **$ 565** | **$ 132,236** |

## 15. Tangible capital assets (cont.)

**March 31, 2012**

| | Land (000's) | Rental properties (000's) | Office buildings (000's) | Furniture and office equipment (000's) | Maintenance tools and equipment (000's) | Computer hardware (000's) | Computer software (000's) | Vehicles (000's) | Total (000's) |
|---|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | | |
| Opening balance | $ 54,746 | $ 230,721 | $ 9,058 | $ 317 | $ 86 | $ 1,403 | $ 2,591 | $ 2,089 | $ 301,011 |
| Additions | 48 | 1,544 | - | 21 | - | 93 | 237 | 199 | 2,142 |
| Disposals | (80) | (641) | - | (48) | - | (598) | (467) | (68) | (1,902) |
| Write-downs | - | (153) | - | (4) | - | (4) | - | - | (161) |
| Closing balance | $ 54,714 | $ 231,471 | $ 9,058 | $ 286 | $ 86 | $ 894 | $ 2,361 | $ 2,220 | $ 301,090 |
| **Accumulated amortization** | | | | | | | | | |
| Opening balance | - | 152,821 | 3,382 | 142 | 13 | 1,064 | 2,277 | 1,105 | 160,804 |
| Amortization | - | 5,324 | 226 | 25 | 9 | 190 | 215 | 364 | 6,353 |
| Disposals | - | (392) | - | (48) | - | (598) | (467) | (68) | (1,573) |
| Write-downs | - | (81) | - | (1) | - | (3) | - | - | (85) |
| Closing balance | $ - | $ 157,672 | $ 3,608 | $ 118 | $ 22 | $ 653 | $ 2,025 | $ 1,401 | $ 165,499 |
| **Net book value** | **$ 54,714** | **$ 73,799** | **$ 5,450** | **$ 168** | **$ 64** | **$ 241** | **$ 336** | **$ 819** | **$ 135,591** |

## 15. Tangible capital assets (cont.)

Cost of rental properties at March 31, 2013 includes work in progress of $2,844,000 (2012 - $1,039,000). There were no contributed tangible capital assets during the year (2012 - $nil).

In accordance with current accounting standards, intangible assets and items inherited by right of the Crown, such as Crown lands are not recognized as tangible capital assets.

## 16. Prepaid expenses

Prepaid expenses consist of:

| | 2013 (000's) | 2012 (000's) |
|---|---|---|
| Property taxes and other municipal fees | $ 2,990 | $ 2,741 |
| Rent supplement subsidies | 617 | 512 |
| Insurance costs | 235 | 227 |
| Workers' compensation fees | 283 | 214 |
| Software licenses | 117 | 35 |
| Rent | - | 3 |
| Other | 2 | 7 |
| | $ 4,244 | $ 3,739 |

## 17. Contingent liabilities

### (a) Guaranteed debt

The Corporation has provided loan guarantees pursuant to the Canada-Newfoundland Social Housing Agreement in respect of certain CMHC debt of partner managed housing operators. For the year ended March 31, 2013, the amount of the principal outstanding under this guarantee, and limit of the guarantee, was $81,975,000. There was no provision for losses during the year on the loan guarantees.

### (b) Legal liabilities

A number of small claims have been filed against the Corporation for alleged breach of contract, general damages and personal claims. These claims have not progressed far enough to enable the formation of a definite opinion as to their outcomes. Therefore, the likelihood and the amount of loss to the Corporation is not determinable at this time.

**17. Contingent liabilities (cont.)**

**(c) Environmental issues**

Possible environmental liabilities exist for the following:

i. In 1996, the Corporation learned that possible environmental liabilities exist with respect to potential large quantities of fuel left in abandoned fuel storage facilities in the Stephenville area. The Corporation has removed some of the underground tanks and fuel lines and has undertaken some further study. To date, expenditures related to this work have totaled $2,807,000. As well, based on the studies completed to date, further remediation is internally estimated to cost $30,000,000.

ii. In 1998, the Corporation learned that possible environmental liabilities exist with respect to environmental contaminants including hydrocarbons and various heavy metals in the soil and groundwater on 20 hectares of the total 102 hectares in the Paradise area. Title to this site had been transferred to the Town of Paradise during 1998-99 as part of the Corporation's land divestiture program; however, the Corporation will be liable for any costs that must be incurred to clean up the site. Based on studies completed to date, remediation is internally estimated to cost $20,000,000.

iii. In 1999, the Corporation learned of possible environmental liabilities relating to the 17 underground fuel tanks in its St. John's properties located at Buckmaster's Circle. To date, expenditures related to this work have totaled $325,000. All 17 tanks have been removed and remediation has been completed on eight of the 17 sites. The remaining cost to complete the remediation is internally estimated at $900,000.

iv. In 2005, the Corporation learned of possible environmental liabilities relating to underground fuel tanks in its St. John's properties located on Cashin Avenue, Froude Avenue, Empire Avenue and Hoyles Avenue. It is currently estimated that there are 21 underground fuel tanks at these properties. To date, expenditures related to this work have totaled approximately $324,000. Removal and remediation has been completed on nine of the estimated 21 sites. The remaining cost to complete the remediation is internally estimated at $1,100,000.

v. In 2009, The Corporation learned of possible environmental liabilities relating to seven underground fuel tanks in its St. John's properties located at Pleasantville. The cost of environmental remediation is internally estimated at $700,000.

**17. Contingent liabilities (cont.)**

**(c) Environmental issues (cont.)**

vi. In 2009, the Corporation learned of possible environmental liabilities relating to electrical transformers containing polychlorinated biphenyls (PCBs) located around its St. John's properties at Chalker Place. To date, the expenditures related to this work have totaled approximately $33,000. Removal has been completed on two transformers. The remaining cost to complete the remediation is internally estimated at $200,000.

vii. In 2010, the Corporation learned of possible environmental liabilities relating to 43 fuel tanks at its St. John's properties in the Guy Street-Whiteway Street area. To date, expenditures related to this work have totaled approximately $110,000. The remaining cost to complete the remediation is internally estimated at $1,200,000.

The Corporation's ability to remediate these sites is dependent upon further funding from the Province of Newfoundland and Labrador.

**18. Contractual obligations**

| | 2013 (000's) | 2012 (000's) |
|---|---|---|
| Uncompleted purchase and construction contracts | $ 3,441 | $ 6,749 |
| Commitments under lending programs | 20,671 | 22,765 |
| Commitments under grant programs | 2,754 | 2,178 |
| | $ 26,866 | $ 31,692 |

Contractual obligations are those to outside organizations in respect of contracts entered into on or before March 31, 2013. These contractual obligations will become liabilities when the terms of the contracts are met.

**19. Segmented information by object**

The Corporation reports its revenue and expenses by program area as outlined in its approved budget.

## 19. Segmented information by object (cont.)

| | Rental operations | | Partner managed housing | | Affordable housing investments | | Rent supplement | | Land development | | Administration | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| | (000's) | (000's) | (000's) | (000's) | (000's) | (000's) | (000's) | (000's) | (000's) | (000's) | (000's) | (000's) | (000's) | (000's) |
| **Revenues** | | | | | | | | | | | | | | |
| Province of Newfoundland and Labrador operating grant | $ 413 | $ 355 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 56,138 | $ 52,472 | $ 56,551 | $ 52,827 |
| CMHC revenue | - | - | - | - | 10,118 | 14,173 | - | - | - | - | 45,766 | 46,546 | 55,884 | 60,719 |
| Other government sources | 276 | 252 | - | - | 74 | 80 | - | - | - | - | - | - | 350 | 332 |
| Rent | 20,852 | 20,337 | - | - | - | - | - | - | - | - | - | - | 20,852 | 20,337 |
| Interest | - | - | - | - | - | - | - | - | - | - | 1,385 | 1,218 | 1,385 | 1,218 |
| Land sales | - | - | - | - | - | - | - | - | 15,078 | 205 | - | - | 15,078 | 205 |
| Profit from land sales by municipalities | - | - | - | - | - | - | - | - | 548 | 537 | - | - | 548 | 537 |
| Gain on sale of tangible capital assets | - | 2 | - | - | - | - | - | - | - | - | - | - | - | 2 |
| Other | - | - | - | - | 411 | 342 | - | - | - | - | 66 | 114 | 477 | 456 |
| | 21,541 | 20,946 | - | - | 10,603 | 14,595 | - | - | 15,626 | 742 | 103,355 | 100,350 | 151,125 | 136,633 |
| **Expenses** | | | | | | | | | | | | | | |
| Rental property operating costs | 28,858 | 32,711 | - | - | - | - | - | - | - | - | - | - | 28,858 | 32,711 |
| Amortization | 5,076 | 5,267 | 428 | 416 | - | - | - | - | - | - | 581 | 670 | 6,085 | 6,353 |
| Grants and subsidies | 8,891 | 9,046 | 9,930 | 12,124 | 24,623 | 23,133 | 8,683 | 7,391 | - | - | 150 | 789 | 52,277 | 52,483 |
| Land costs | - | - | - | - | - | - | - | - | 721 | - | - | - | 721 | - |
| Other administration | - | - | 261 | - | - | - | - | - | 256 | 81 | 4,106 | 4,495 | 4,623 | 4,576 |
| Salaries and benefits | 7,308 | 7,838 | - | - | - | - | - | - | - | - | 18,128 | 18,391 | 25,436 | 26,229 |
| Interest and bank charges | 11,692 | 12,939 | 589 | 619 | 127 | 227 | - | - | - | - | 1,345 | 1,423 | 13,753 | 15,208 |
| Loss on sale of tangible capital assets | 9 | - | - | - | - | - | - | - | - | - | - | - | 9 | - |
| Valuation allowances | 204 | 241 | - | - | 70 | 172 | - | - | 42 | 1,322 | - | 4 | 316 | 1,739 |
| | 62,038 | 68,042 | 11,208 | 13,159 | 24,820 | 23,532 | 8,683 | 7,391 | 1,019 | 1,403 | 24,310 | 25,772 | 132,078 | 139,299 |
| Annual (deficit) surplus before the transfer of funds to the Province of Newfoundland and Labrador | (40,497) | (47,096) | (11,208) | (13,159) | (14,217) | (8,937) | (8,683) | (7,391) | 14,607 | (661) | 79,045 | 74,578 | 19,047 | (2,666) |
| Transfer of funds to the Province of Newfoundland and Labrador (Note 22) | - | - | - | - | - | - | - | - | (13,400) | - | - | - | (13,400) | - |
| **Annual (deficit) surplus** | $ (40,497) | $ (47,096) | $ (11,208) | $ (13,159) | $ (14,217) | $ (8,937) | $ (8,683) | $ (7,391) | $ 1,207 | $ (661) | $ 79,045 | $ 74,578 | $ 5,647 | $ (2,666) |

## 20. Related party transactions

### (a) Transactions with related parties

| | 2013 (000's) | 2012 (000's) |
|---|---|---|
| **REVENUES** | | |
| **Province of Newfoundland and Labrador operating grant** | | |
| Province of Newfoundland and Labrador - Consolidated Revenue Fund | $ 56,551 | $ 52,827 |
| **Rent** | | |
| Consolidated Revenue Fund | 188 | 100 |
| Labrador-Grenfell Regional Health Authority | 59 | 59 |
| Western Regional Health Authority | 15 | 15 |
| Eastern Regional Health Authority | 9 | 9 |
| **EXPENSES** | | |
| **Rental operations** | | |
| Consolidated Revenue Fund | 142 | 140 |
| Nalcor Energy | 14 | 43 |
| **Partner managed housing** | | |
| Eastern Regional Health Authority | 1,413 | 967 |
| Western Regional Health Authority | 422 | 973 |
| Central Regional Health Authority | 130 | 404 |
| Labrador-Grenfell Regional Health Authority | 69 | 25 |
| **Affordable housing investments** | | |
| Consolidated Revenue Fund | 1 | - |
| **Administration** | | |
| Consolidated Revenue Fund | 521 | 1,195 |
| Memorial University of Newfoundland | 45 | 92 |
| Eastern Regional Health Authority | 39 | 39 |
| College of the North Atlantic | 1 | 1 |
| Nalcor Energy | 21 | 1 |
| Western Regional Health Authority | - | 1 |
| Transfer of Funds to the Province of Newfoundland and Labrador | 13,400 | - |

## 20. Related party transactions (cont.)

### (b) Balances due from and to related parties

| | 2013 (000's) | 2012 (000's) |
|---|---|---|
| **Due from government and other government organizations** | | |
| Consolidated Revenue Fund | $ 715 | $ 592 |
| Central Regional Health Authority | - | 4 |
| **Due to government and other government organizations** | | |
| Consolidated Revenue Fund | 69 | 63 |
| Nalcor Energy | 16 | 24 |
| Memorial University of Newfoundland | 3 | 13 |
| Eastern Regional Health Authority | 1 | 2 |

## 21. Trust under administration

For the year ended March 31, 2013, the balance of funds held in trust was $3,565,000 (2012 - $3,565,000). The funds are held on behalf of various non-profit housing groups to provide for the future replacement or repair of capital items.

## 22. Transfer of Funds to the Province of Newfoundland and Labrador

During the year, the Corporation transferred $13,400,000 of proceeds from land assembly sales to the Province of Newfoundland and Labrador.

## 23. Statement of cash flows - other

| | 2013 (000's) | 2012 (000's) |
|---|---|---|
| Accounts receivable | $ (259) | $ (76) |
| Due from government and other government organizations | (234) | 3,006 |
| Accounts payable and accrued liabilities | (229) | 551 |
| Due to government and other government organizations | (186) | (902) |
| Inventories held for use | (9) | (28) |
| Prepaid expenses | (505) | (9) |
| | $ (1,422) | $ 2,542 |

## 24. Financial Risk Management

The Corporation recognizes the importance of managing risks and this includes policies, procedures and oversight designed to reduce risks identified to an appropriate threshold. The risks that the Corporation is exposed to through its financial instruments are credit risk, market risk, and liquidity risk.

### Credit risk

Credit risk is the risk that the Corporation will incur a loss due to the failure by its debtors to meet their contractual obligations. The Corporation is exposed to credit risk with respect to cash, accounts receivable, due from government and other government organizations, loans receivable, and receivables from municipalities – land transfers. The Corporation's maximum exposure to credit risk is the carrying amounts of these financial instruments. The Corporation is not exposed to significant credit risk with its cash because this financial instrument is held with a Chartered Bank. The Corporation is not exposed to significant credit risk with due from government and other government organizations and receivables from municipalities - land transfers because of their nature.

The Corporation has policies and procedures for the monitoring and collection of accounts receivable, due from government and other government organizations, loans receivables, and receivables from municipalities – land transfers so as to mitigate potential credit losses. Also, the Corporation has mitigated its exposure to credit risk on its mortgage loans receivable through claims on real estate properties should borrowers default on paying the loans. In the case of a foreclosure, the Corporation has the option of evicting the tenant and selling the real estate property, using the proceeds to clear the mortgage debt.

An estimated impairment of accounts receivable for $157,000 has been provided for through an allowance for decline in value, as disclosed in Note 5. An estimated impairment of loans receivable for $1,271,000 has been provided for through an allowance for decline in value, as disclosed in Note 8. The Corporation classifies its loans receivable as impaired in accordance with Note 2(e). The Corporation classifies its accounts receivable as impaired when collection is in doubt and is based on analysis of the balance.

At March 31, 2013, the aging of loans receivable that are past due but not impaired, are as follows:

| | (000's) |
|---|---|
| 30 days | $ 150 |
| 60 days | 152 |
| 90 days | 34 |
| Over 90 days | 47 |
| | $ 383 |

Accounts receivable and loans receivable which are not impaired or past due are considered collectible by the Corporation. There are no provisions for doubtful accounts for the other financial instruments, as all amounts are considered collectible.

## 24. Financial Risk Management (cont.)

### Market risk

Market risk is the risk that the fair value of expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency (foreign exchange) risk, interest rate risk and other risk. The Corporation is not exposed to significant currency (foreign exchange) risk or other risk.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to cash, loans receivable and long-term debt. For the year ended March 31, 2013, the interest rate exposure on cash is such that a change of 25 basis points in interest rates would result in an increase/decrease in annual surplus of $150,000. The interest rate risk on loans receivable is considered to be low because the interest rates are fixed to maturity. The Corporation is subject to the risks associated with long-term debt financing, including the risk that debt will not be refinanced on terms as favorable as those of the existing debts. There is no interest rate risk on long-term debt obligations arising from the Canada-Newfoundland Social Housing Agreement as interest rates are fixed to maturity. For the year ended March 31, 2013, the increase/decrease in annual surplus for each one percent change in interest rates on the CMHC fixed rate term debentures amounts to $231,000.

### Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial liabilities and contractual obligations as they fall due. The liquidity risk, relating mainly to accounts payable and accrued liabilities, due to government and other government organizations, long-term debt, and contractual obligations, is considered to be low. The anticipated annual principal repayments on the Corporation's long-term debt is disclosed in Note 14. The Corporation maintains adequate cash to ensure all its financial liabilities and contractual obligations can be met when they fall due. The Corporation has an authorized credit facility totaling $3,000,000, which is unused as at March 31, 2013.

## 25. Self-insurance

With the exception of certain high-risk projects, the Corporation follows the policy of self-insuring its rental properties for property damage such as fire, water and vandalism. The costs of these repairs are charged to rental properties expenses.

## 26. Comparative figures

Certain comparative figures have been restated to conform to the current year's presentation.

## 27. Budgeted figures

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Board of Directors and the Lieutenant-Governor in Council.

## 28. Non-financial assets

The recognition and measurement of non-financial assets is based on their service potential. These assets will not provide resources to discharge liabilities of the Corporation. For non-financial assets, the future economic benefit consists of their capacity to render service to further the Corporation's objectives.

## 29. Subsequent event

During the year, the Corporation entered into a Sale and Purchase agreement with a third party for the disposal of a parcel of land for cash consideration of $3,000,000. The sale was completed in April 2013.

## 30. Prior year trust under administration overstatement

During the year, it was determined that the trust under administration was previously reported in a manner that was inconsistent with the Corporation's trust under administration policies. As a result, as at April 1, 2011, trust under administration was overstated by $2,387,000, cash was understated by $2,387,000 and accumulated surplus was understated by $2,387,000, all of which have been revised to correct the misstatements.

Also, as at March 31, 2012, trust under administration was overstated by $1,136,000, cash was understated by $1,136,000 and accumulated surplus was understated by $1,136,000, all of which have been revised to correct the misstatement. Expenses for the year ended March 31, 2012, were also understated by $1,251,000, and have been revised to correct the understatement.

# Appendix

The Second Progress Report (2011-2013) on the 2009 Social Housing Plan for Newfoundland and Labrador

# The Second Progress Report (2011-2013) On the 2009 Social Housing Plan for Newfoundland and Labrador

SECURE FOUNDATIONS

Newfoundland Labrador
Housing

## MESSAGE FROM THE MINISTER

Honourable Paul Davis
Minister Responsible for
Newfoundland and Labrador Housing Corporation

As lead Minister for the Social Housing Plan for Newfoundland and Labrador – *Secure Foundations*, it brings me great pleasure to provide an update on the impact that our strategic investments have had in improving housing conditions and assistance for households with lower income.

This is the second progress report on our work to strengthen the social housing system. *Secure Foundations* was released in 2009 and these progress reports ensure the Plan is addressing the needs of households with low income. The Plan has shown strong support for housing needs through increased investments in the social housing stock and home repair programs for homeowners with low and moderate income.

Housing security is a significant determinant of an individual's health that promotes social and economic participation in the community. I would like to express gratitude to all of our partners for their dedication to improving the housing circumstances for the residents of Newfoundland and Labrador. Activities of the Plan continue to be complemented by extensive input from many stakeholder groups who provide valuable input on an ongoing basis. These groups work diligently to ensure housing and support services contribute to housing stability and prevent homelessness.

The goals and strategic action priorities outlined in the Plan demonstrate the Provincial Government's commitment to provide safe, adequate and affordable housing options to residents with low and moderate income. These are priority areas identified by our stakeholders. $259 million has been committed to address the housing needs of homeowners and renters with lower-income. This investment includes a broad range of initiatives that support the goals of the Plan and the broader strategic directions of the Provincial Government. These include: the provision of wrap-around services for groups helping persons with complex service needs; placing more emphasis on energy efficiency efforts; providing more investment in existing social housing infrastructure; and developing more housing partnerships to develop accessible housing. The Canadian Housing and Renewal Association recently recognized NL Housing as the first provincial housing corporation in Canada to require developers to incorporate Universal Design in all proposals under the Affordable Housing Initiative (AHI).

In 2011, NL Housing ran a radio ad campaign to help reduce the stigma associated with social housing. The ads were based on real life tenants who lent their voices to be part of the campaign. There was a significant positive response to the campaign with favourable opinions of NL Housing tenants increasing from 43% to 53%. Also, of notable mention is that the Supportive Living Community Partnership Program was transferred to NL Housing from the Department of Advanced Education and Skills in 2012/13 and became the Supportive Living Program (SLP). The SLP furthers the goals of the Plan by supporting the integration of housing and other services to promote independent living of clients. The SLP has provided training, consultation and support to community groups and communities to enhance housing stability across the province. The budget for this program has tripled to $4.8 million since 2009, providing assistance to 26 groups and 28 projects.

We are encouraged by the improvements that we have achieved to date and we look forward to building on these initiatives in future years, by working with our many partners to provide a better quality of life for clients who require housing assistance.

**HON. PAUL DAVIS**

Minister Responsible for
Newfoundland and Labrador
Housing Corporation

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## SOCIAL HOUSING PLAN GOALS

**Increased emphasis on individual well-being and strengthened communities:** Accessible housing and initiatives that support personal development and community participation.

**Strengthened partnerships and management practices:** Including enhanced coordination with government partners, strengthening the capacity of community-sector housing delivery partners and enhanced planning and information systems.

**Improved housing assistance for those most in need:** By expanding rental options (includes development of new affordable housing), improving the quality of the public affordable housing stock, increasing repair assistance for privately owned housing, increased housing assistance for Off-Reserve Aboriginal households, and promoting energy efficiency improvements.

## STRATEGIC ACTION PRIORITIES

- Preserving privately owned homes by assisting with the cost of essential repairs;
- Providing quality, affordable rental accommodation through direct delivery programs and partnerships with non-profit and private sector housing providers;
- Promoting the development of new affordable housing;
- Supporting home modifications to address the accessibility needs of seniors and persons with disabilities;
- Promoting renovations by lower-income homeowners to improve energy efficiency and conservation;
- Preserving NL Housing homes to ensure they meet current and future needs while improving overall energy efficiency during renovations; and
- Working with government and community partners in the development of housing options that integrate housing and support services and contribute to housing stability and homelessness prevention.

## SOCIAL HOUSING PLAN - *SECURE FOUNDATIONS*
## SIGNIFICANT ACHIEVEMENTS TO MARCH 31, 2013

**GOAL - Increased emphasis on individual well-being and strengthened communities**

| FOCUS | | |
|---|---|---|
| **Accessible Housing Supply** | 2009-2011:<br>• Developed 25 accessible public affordable housing units.<br>• Provided grant funding for accessibility modifications to more than 1300 homeowners with low incomes (since 2007).<br>• Committed capital funding for 109 fully accessible new Affordable Housing rental units. | 2011-2013:<br>• NLHC recognized nationally for being the first province to require Universal Design standards for all projects developed through the 2011-14 Investment in Affordable Housing Agreement.<br>• Approximately $3 million invested in a new Home Modification Program.<br>• Provided grant funding for accessibility modifications to 834 clients for a total of 2,134 low-income homeowners (since 2007).<br>• Completed modification to 57 accessible public affordable housing units.<br>• Committed capital funding for 76 fully accessible new Affordable Housing rental units. |
| **Supporting Personal Development and Community Participation** | 2009-2011:<br>• Doubled operating funding for NL Housing Community Centres.<br>• Introduced Education Incentive for NL Housing tenants and their children to continue their education. Almost 1400 individuals received the $50/month incentive each year in the period 2009-2011. High school attendance increased from 48 percent to 68 percent. | 2011-2013:<br>• Tripled operating budgets for Neighborhood Centers<br>• Community Centers working with Neighborhood Centers in sharing Poverty Reduction Strategy funds to partner in the hiring of a shared Coordinator.<br>• Hired a Manager of Community Development December 2012.<br>• Sponsored an NL Housing tenant high school student in 2011, 2012 and 2013 for "Students on Ice" Arctic Expedition.<br>• Partnerships continue with agencies working to strengthen communities (e.g. Vibrant Communities).<br>• About 1500 individuals received the $50/month Education Incentive each year in the period 2011-2013<br>• Attendance continued to increase in the period between 2011 and 2013, from 73% to 78% for junior high and |

## SOCIAL HOUSING PLAN - *SECURE FOUNDATIONS*
## SIGNIFICANT ACHIEVEMENTS TO MARCH 31, 2013

| | | |
|---|---|---|
| | | from 68% to 70% for high school. |
| **Integration of Housing and Support Services** | 2009-2011:<br>• Introduced the Supportive Living Community Partnership Program (SLCPP). Program funding totaled $3.6 million. | 2011-2013:<br>• Transferred the SLCPP to NLHC in 2012/13 and became the Supportive Living Program (SLP). Grants approved for operational funding to provide support to individuals with complex service needs and for community capacity building initiatives aimed at preventing and addressing homelessness.<br>• Budget tripled to $4.8 million since 2009.<br>• 26 groups and 28 projects assisted to-date. |
| **GOAL - Strengthened partnerships and management practices** | | |
| **Capacity of Community Partners** | 2009-2011:<br>• Provided two technical positions to support non-profit housing organizations plan and manage retrofit and/or development projects.<br>• Committed funding for retrofit of 82 community-based housing projects that serve more than 1400 households.<br>• Supported Aboriginal organizations in developing a home repair program and training staff.<br>• Committed capital funding under the Provincial Homelessness Fund for development of support services space by 15 community organizations.<br>• Established a position to coordinate with supportive living community partners in delivering housing assistance to persons with complex service needs. | 2011-2013:<br>• Continue to provide technical support.<br>• The Supportive Living Program (SLP) supports the Newfoundland and Labrador Housing and Homelessness Network (NLHHN) and 10 Provincial Community Advisory Boards on Homelessness.<br>- The NLHHN promotes leadership, collaboration and policy development; supports capacity building efforts through training and professional development; facilitates communications, networking and knowledge transfer; and, researches and coordinates data.<br>• SLP has provided training, consultation and support to community groups funded by SLP:<br>i. Essential Skills training to emergency shelters.<br>ii. Ongoing support to rural housing and rural support workers.<br>iii. Service Prioritization Decision Assistance Tool (SPDAT) training: training for case planning and |

| | | |
|---|---|---|
| | | prioritization of service delivery. SPDAT helps track the depth of need and service responses to clients over time.<br>iv. Training for five homeless shelters and Housing Support Service Workers including First Aid/CPR, ASIST, Therapeutic Crisis Intervention, Occupational Health and Safety, and Food Handlers Certification.<br>• Committed $2M in capital funding under the Provincial Homelessness Fund for the development of services space. This funding was provided to 26 community organizations in 12 communities. |
| **Strategic Social Policy Alignment** | 2009-2011:<br>• Adjusted the rent-geared-to-income scale from 30 percent to a flat 25 percent of income for public affordable housing tenants. This aligns with the strategic direction of the Poverty Reduction Strategy by reducing the depth of poverty experienced by households with low-income. | 2011-2013:<br>• Home Modification Program complements the provincial strategy for the inclusion of persons with disabilities, *Access. Inclusion. Equality.*, released in April 2012. The new requirement for Affordable Housing Initiative proposals to include "universal design" principles, and increasing the proportion of NLHC stock with accessibility features also support this strategy.<br>• In Labrador, implementation of specialized, one-time Oil Tank Replacement Program and significant funding for Partner Managed Housing renovations help support the Northern Strategic Plan.<br>• Residential Energy Efficiency Program, partnership with Choices for Youth on retrofitting public housing and overall retrofitting of public housing during scheduled modernization and improvement help support the Climate Change Action Plan.<br>• NavNet: Funded through Newfoundland and Labrador Housing, NavNet is a network of groups that work together to provide access to services and supports required by individuals to live independently.<br>• NavNet supports all persons with complex service |

## SOCIAL HOUSING PLAN - *SECURE FOUNDATIONS*
## SIGNIFICANT ACHIEVEMENTS TO MARCH 31, 2013

| | | |
|---|---|---|
| | | needs by identifying barriers and gaps in services. |
| **Service Excellence** | 2009-2011:<br>• Developed a new software system (Program Delivery System- PDS) to improve delivery of renovation and housing development grants to low-income households and housing delivery partners. | 2011-2013:<br>• Program Delivery System (PDS): Significant enhancements to the PDS continued through 2013. Included were improvements to the waitlist and reporting systems. PDS gained the attention of New Brunswick officials who requested to acquire a license to use PDS for their own program delivery needs.<br>• Northgate: Implemented RepairFinder. This software program will provide better client service efficiencies when entering maintenance requests. It provides detailed reporting features for executive decision making.<br>• Heat Subsidy: A more consistent mechanism for allocation of the heat subsidy was implemented. Efficiencies were realized by using one rate for each bedroom size, regardless of heating type, building type or location. This made it easier to administer and also easier for clients to understand. |
| **Goal – Improved housing assistance for people in greatest need** | | |
| **Rental Options** | 2009-2011:<br>• Committed Phase 3 capital funding for 52 Affordable Housing projects (total of 448 rental units). Twenty-nine projects (246 units) were completed at March 31, 2011.<br>• In 2010-11, completed 10 new units and committed capital funding for another 18. | 2011-2013:<br>• Committed Phase 4 capital funding for 32 Affordable Housing projects (a total of 224 rental units). Eight projects (51 units) were completed by March 31, 2013.<br>• Contributed over $4 million for the construction of a new apartment building in Pleasantville. Project is being overseen by the City of St. John's. |

## SOCIAL HOUSING PLAN - *SECURE FOUNDATIONS*
## SIGNIFICANT ACHIEVEMENTS TO MARCH 31, 2013

| | | |
|---|---|---|
| | Committed to reconfiguring four family size units into seven single units in response to changing housing need.<br>• Expanded funding under the Rent Supplement Program by 50 percent to assist an additional 386 low-income renters. | • Made significant investments to increase the public affordable housing stock. Completed year 2 of the 3 year delivery plan through the Canada-NL Investment in Affordable Housing, which will result in 126 new affordable housing units across the province by 2014.<br>• In response to changing housing need, the following conversions took place:<br>  • One 5-bedroom unit into a 3-bedroom<br>  • Nineteen 4-bedroom units into 3-bedroom units<br>  • Twelve 4-bedroom units into 2-bedroom units<br>  • Thirty-one 3-bedroom units into 2-bedroom units<br>  • Four 3-bedroom units into a 1 bedroom unit<br>• Reconfiguration of the following took place as well:<br>  • Two units into four 1-bedroom units.<br>  • One 3-bedroom unit into two units (1, 2-bedroom and 1-single unit)<br>  • Two 3-bedroom units into one accessible unit and two 1-bedroom units<br>• Expanded the Rent Supplement Program funding by $2M, bringing the total of new low-income accommodations to over 1700<br>  • In 2011-12, an additional 396 renters were assisted and 160 units were gained.<br>  • In 2012-13, an additional 297 renters were assisted and 167 units were gained. |
| **Home Repair Assistance** | 2009-2011:<br>• Doubled Provincial share of funding for the Provincial Home Repair Program (PHRP).<br>• Increased by 43 percent the number of households served annually under PHRP (since 2007). Applications on wait list have | 2011-2013:<br>• Assisted 4,375 homeowners with low income who required repairs to their homes through the Provincial Home Repair Program (PHRP program).<br>• Provincial Home Repair Program waitlist has been reduced by more than 75%, from 4,300 to 1,000. |

## SOCIAL HOUSING PLAN - *SECURE FOUNDATIONS*
## SIGNIFICANT ACHIEVEMENTS TO MARCH 31, 2013

| | | |
|---|---|---|
| | declined by 68 percent since March 2008. | • 834 clients assisted though the Home Modification Program. |
| **Assistance for Off-Reserve Aboriginal Households** | 2009-2011:<br>• Facilitated $8.2 million fund with four Aboriginal organizations for major home repairs and new home construction (Northern Coastal Labrador). 746 households have been assisted.<br>• Committed funding for four new public affordable housing units in Nain, Labrador. | 2011-2013:<br>• 4 new units completed in Nain<br>• 4 new units completed in Hopedale.<br>• Provided financial assistance to homeowners with low income requiring oil tank replacements in Nain, Makkovik, Rigolet, Hopedale and Postville |
| **Quality of Public Affordable Housing** | 2009-2011:<br>• Tripled annual funding commitment for exterior and interior retrofit to $12 million. More than 1100 units had major retrofits in the period 2007-09.<br>• Increased the annual retrofit budget to an average of $28.2 million (two-year Economic Stimulus Plan 2009-11). Units upgraded under Plan 2009-11 are just under 2,700.<br>• Continued renewal of three high density neighborhoods. Four new units constructed and four underwent major retrofit. Improvements made to recreation and parking space. Preparatory work done for retrofit of another 52 units. | 2011-2013:<br>• Annual funding continued to be tripled from historical levels with $12 M annually committed to funding repairs/renovations.<br>• 2 new units constructed in Corner Brook<br>• Property Acquisition - Purchased one house in St. John's and 2 vacant lots in Hopedale.<br>• Anti-Stigma Ad Campaign: In June 2011, NL Housing developed the initial phase of its campaign to reduce the stigma associated with affordable housing. During this period, advertising ran on the VOCM/CFCB radio network. The ads featured actual NL Housing tenants relaying personal stories and the positive impact that living in social housing has had on their lives. The response to these ads from housing advocates, housing tenants, and the general public has been overwhelmingly positive. A survey conducted by the NL Stats Agency in August 2011 revealed that 15% of those contacted had heard the advertisements and among those who heard the ads, favourable opinions of NL Housing tenants increased from 43% to 53%. |

## SOCIAL HOUSING PLAN - *SECURE FOUNDATIONS*
## SIGNIFICANT ACHIEVEMENTS TO MARCH 31, 2013

| | | |
|---|---|---|
| **Energy Efficiency Improvements** | 2009-2011:<br>• Made energy efficiency improvements to 767 public affordable housing units.<br>• Introduced new Residential Energy Efficiency Program and approved grants to 2350 low-income homeowners. Average heating cost savings for households is $775/year (35 percent).<br>• Partnered with Choices for Youth on youth employment for the Training for Trades initiatives. Youth were given an opportunity to learn how to do home insulation by insulating 40 basements for NL Housing units. | 2011-2013:<br>• Committed over $1.2 million to making energy efficiency improvements to 501 public affordable housing units.<br>• Residential Energy Efficiency Program approved grants to 1,962 clients with low income. Average heating cost savings for households was $750 per year (33 percent).<br>• In partnership with Choices for Youth, youth learned energy efficiency skills by insulating the basements of an additional 120 NL Housing units. |
| **Home Heating Assistance** | 2009-2011:<br>• Increased annual Heating Allowance funding by $1.2 million (14 percent) to assist low-income NL Housing rental clients. | 2011-2013:<br>• Maintained annual Heating Allowance funding at increased levels; assisting with $2.4 M in support of low-income NL Housing rental clients. |

## SOCIAL HOUSING PLAN – FUNDING COMMITMENTS TO 2013

| INITIATIVES | TOTAL (in millions) |
|---|---|
| Provincial Home Repair Program | $80 |
| New Affordable Housing (under AHI) | $31.4 |
| Provincial Homelessness Fund | $3 |
| Residential Energy Efficiency Program | $11.9 |
| Improved Quality of Community Based Housing | $14.7 |
| Improved Quality of Public Affordable Housing | $72.6 |
| New NLHC Affordable Housing | $2.2 |
| Reduced Rent for Tenants | $5.4 |
| Heating Allowance Increase | $3.6 |
| Education Incentive | $1.5 |
| Community Centres | $2.5 |
| Rent Supplement Program | $17 |
| Supportive Living Program | $13.2 |
| Total | $259 |

## PARTNERS

The involvement of many partners is essential to success in achieving better housing outcomes for people and communities. Partner organizations contribute financial and other resources, build capacity, develop housing options, manage projects through the development phase and deliver housing options to clients.

Our primary partners are:

- Canada Mortgage and Housing Corporation
- Provincial Departments of Advanced Education and Skills and Justice
- Private-sector landlords and housing developers
- Community-based housing and support service providers
- Municipalities
- Housing advocates and researchers.

Published under the authority of:

**The Honourable Paul Davis**
Minister Responsible for Newfoundland and Labrador Housing Corporation

Comments and questions concerning this document should be directed to:

Newfoundland and Labrador Housing Corporation
P.O. Box 220
St. John's, NL
A1C 5J2
Email: socialhousingplan@nlhc.nl.ca

Newfoundland
Labrador
Housing